

**HEALTH SERVICES AND DEVELOPMENT AGENCY
AUGUST 22, 2018
APPLICATION SUMMARY**

NAME OF PROJECT: Antioch Outpatient Diagnostic Center

PROJECT NUMBER: CN1805-020

ADDRESS: 5380 Hickory Hollow Parkway, Suite 101
Antioch (Davidson County), TN 37013

LEGAL OWNER: Tennessee Imaging Services, LLC
c/o Infinity Management, 210 25th Avenue North, Suite 602
Nashville (Davidson County), TN 37203

OPERATING ENTITY: N/A

CONTACT PERSON: John Wellborn
(615) 665-2022

DATE FILED: May 15, 2018

PROJECT COST: \$8,696,230

FINANCING: Cash Grant

PURPOSE FOR FILING: Establishment of an outpatient diagnostic center (ODC) and initiation of magnetic resonance imaging (MRI) services.

DESCRIPTION:

Tennessee Imaging Services, LLC is seeking approval to establish an outpatient diagnostic center (ODC) and initiate MRI services at an existing medical office building located at 5380 Hickory Hollow, Antioch (Davidson County), TN, 37013. As part of the project, 6,890 square feet of medical office space will be leased for the proposed ODC. In addition to MRI and CT, the proposed ODC will provide ultrasound and radiography/fluoroscopy services.

Note to Agency Members: This application will be heard simultaneously with Middle Tennessee Imaging d/b/a Premier Radiology, CN1805-021, which is also for

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the establishment of an ODC with MRI, at the August 22, 2018 agency meeting. It proposes to locate in a newly completed MOB at 3754 Murfreesboro Pike, also in Antioch, a distance of approximately three miles.

OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

The applicant's proposed primary service area (PSA) consists of Davidson, Rutherford, and Williamson Counties. The applicant estimates 2,250 MRI scans in 2021 (Year One) increasing by approximately 20% to 2,700 MRI scans in 2022 (Year Two). The projected utilization is based upon patient referral patterns, patient redirections from existing hospitals to lower cost settings by major payor sources, more accessible evening and Saturday operating hours, greater access from the interstate system, and the population growth of the PSA. Please refer to page 44-45 of the original application for more details.

It appears that the application meets this criterion.

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

The applicant identified 62.7 non-specialty and 2.5 specialty MRIs in the 3 county proposed service area. In 2017, the 62.7 non-specialty MRIs operated at 105.8% percent of optimal capacity, while the 2.5 specialty units operated at 38.9%. Review of the utilization table on page 38 of the original application, representing data obtained from the HSDA Equipment Registry, revealed the combined 3-county MRI utilization increased by approximately 6.1% from 182,596 total MRI scans in 2015 to 193,771 total MRI scans in 2017.

The applicant indicates another MRI unit is needed in the service area when factors such as MRI utilization and population growth are considered.

3. Any special needs and circumstances:

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- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

The applicant addressed the need of MRI services in the proposed service area using the most recent MRI CON criteria and standards.

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

The applicant did not identify any other special needs or circumstances.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

The applicant has protocols and hospital transfer agreements in place to appropriately care for patient emergencies.

It appears that this criterion has been met.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant has established protocols that ensure all MRI procedures performed are medically necessary and will not unnecessarily duplicate other services.

It appears that this criterion has been met.

MAGNETIC RESONANCE IMAGING SERVICES

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

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The applicant projects 2,250 MRI scans in Year One (2021), 2,700 MRIs in Year Two (2022), and 3,000 MRI scans in Year 3 (2023).

It appears that the applicant is on track to meet the MRI standard and meet this criterion.

b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

The criteria identified in items 1.b – 1.e above are not applicable to the applicant's proposed project.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that

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service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

The defined primary service area (PSA) for the proposed project includes Davidson, Rutherford, and Williamson Counties. The applicant provided a table of distances and drive times from communities across each of the three service area counties on page 41 of the original application. The communities in the 3 county service area are all under 22.7 miles with a majority under 30 minutes-drive time. The proposed location appears accessible to over 75% of the service area population.

It appears that this criterion has been met.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The applicant could not locate a MRI provider in the Antioch area to establish a sharing agreement. The applicant notes the proposed service area MRIs are highly utilized and have no reason to share their MRI schedule with another provider.

It appears that the applicant will meet this criterion.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

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Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

In 2017 the overall MRI average utilization of Davidson, Rutherford, and Williamson County MRI providers was equal to 2,972 procedures per unit, or 103.2% of the 2,880 MRI utilization standard.

It appears that this criterion has been met.

5. Need Standards for Specialty MRI Units.

This standard does not apply to this application.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.

This standard does not apply to this application.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

The applicant has provided information in Attachment A-13F that documents the proposed 1.5T MRI meets FDA certification requirements.

It appears that this criterion has been met.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The applicant provided documentation from the contractor in Attachment B-Economic Feasibility-1E. confirming that all the requirements listed above will be met.

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It appears that this criterion has been met.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

The applicant has protocols and hospital transfer agreements in place to appropriately care for patient emergencies.

It appears that this criterion has been met.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant has established protocols that ensure all MRI procedures performed are medically necessary and will not unnecessarily duplicate other services.

It appears that this criterion has been met.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

The applicant is prepared to meet all American College of Radiology (ACR) standards, including those regarding staffing recommendations and requirements.

It appears that this criterion will be met.

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

Antioch Outpatient Diagnostic Center commits to full accreditation by the American College of Radiology within 2 years from initiation of services and continuously thereafter.

It appears that this criterion has been met.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant will seek transfer agreements with TriStar Southern Hills and TriStar StoneCrest Medical Center. The medical director will be an active member of medical staff of both these facilities.

It appears that this criterion has been met.

- 8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant states that it will submit data to the HSDA in a timely fashion consistent with requirements of the HSDA Equipment Registry process.

It appears that this criterion has been met.

- 9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration; or

It appears that this criterion is not applicable.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

It appears that this criterion is not applicable

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant plans to contract with all four TennCare managed care organizations (MCOs) and participate in the Medicare program. All studies performed in the ODC on TennCare patients will be interpreted by physicians in contract with the facility and with those TennCare MCOs.

It appears that this criterion has been met.

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

It appears that this criterion is not applicable.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics as a Note to Agency members.

Application Synopsis

The applicant, Antioch Outpatient Diagnostic Center, proposes to establish an Outpatient Diagnostic Center (ODC) with MRI that will provide onsite imaging services on the 1st floor of an existing 2 story medical office building located at 5380 Hickory Hollow Parkway, Suite 101 in Antioch (Davidson County), Tennessee. The proposed ODC will provide a full range of imaging services, including MRI, CT, Ultrasound and Radiology/Fluoroscopy in approximately 6,890 leased square feet (SF). An overview of the project is provided on pages 2-3 of the original application.

Facility and MRI Equipment Information

Key highlights of the applicant's proposed ODC and fixed MRI service are noted below.

- The applicant will purchase a new GE 1.5 Tesla MRI unit at a cost of \$1,127,117 that will provide head and body MRI studies to adult and pediatric patients.
- The applicant has negotiated a 7-year initial term lease with Freeland Realty 4, LLC at a cost of \$1,683,651.
- Tennessee Imaging Center, LLC will sublease the project space from Radiology Alliance.
- The estimated square footage to be constructed for the proposed MRI/CT unit is 6,890 square feet at a cost of \$1,963,678.00 or \$285 per square foot.
- The hours of operation will consist of Monday, Wednesday, and Friday from 7 am to 5 pm, Tuesday and Thursday from 9 am to 7 pm, and Saturday from 9 am to 2 pm.

Ownership

- Antioch Outpatient Diagnostic Center will be owned and licensed to Tennessee Imaging Services (TIS), LLC.
- TIS is owned by American Radiology Holdings, P.C. which is wholly owned by Dr. Curtis Pickert, MD.
- MEDNAX will fund the proposed project and its subsidiary, Infinity Management, LLC, will collect an administrative support services fee from TIS in exchange for administrative support services.
- Radiology Alliance, P.C. wholly owned by American Radiology Holdings, PC, will staff the project with physicians to provide professional interpretations of imaging studies.

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- Radiology Alliance consist of 60 radiologists that staffs imaging departments at 11 hospitals, ODC, and clinic locations in Middle Tennessee.
- An organizational/ownership chart is located in Attachment A.4.

Note to Agency members: According to the applicant, TriStar Health Systems, Inc. an HCA division of hospitals in the Middle Tennessee Region or an affiliate, holds an option to acquire up to 75% ownership or equity interest in this project. If TriStar exercises its right to acquire an interest in the project, the acquisition will not be effective until after the CON is granted. If TriStar acquires greater than 50% interest in the project prior to licensure of the ODC, the prior approval of the Agency will be sought as required by HSDA rules.

NEED

Project Need

The applicant states that the proposed ODC with MRI is needed for the following reasons:

- In 2017, the 62.7 non-specialty MRI units in the 3-county service area operated at an average of 3,046 annual procedures, which is 105.8% of optimal capacity.
- The proposed project will be located in one of the largest, fastest growing and least served sectors within Davidson, Rutherford, and Williamson Counties.
- There is currently no MRI or ODC currently located in the Antioch ZIP code. The project site in Antioch is approximately a 20 to 30-minute drive time from any existing or approved ODC.

Service Area Demographics

The applicant's proposed primary service area includes Davidson, Rutherford, and Williamson Counties. The total population of the proposed service area is estimated at 1,255,998 residents in calendar year (CY) 2018 increasing by approximately 8.0% to 1,356,791 residents in CY 2022.

- The applicant did not specify a specific target population in the application.
- The latest 2018 percentage service area population enrolled in the TennCare program is approximately 16.5%, as compared to the statewide enrollment proportion of 20.58%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

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Service Area Historical Utilization

Service Area MRI Utilization, 2015-2017

Provider	Type (*)	# of MRIs In 2017	2015	2016	2017	2017 Average Utilization Per MRI	% of MRI Standard 2,880 in 2017	% Change '15-'17
Davidson County								
Belle Meade Imaging	ODC	1	3,050	2,669	2,317	2,317	80.5%	-24.0%
Elite Sports Medicine and Orthopaedic Center (added one MRI for 2017)	PO	3	6,437	6,859	8,116	2,705	93.9%	+26.1%
Hermitage Medical Associates-Murphy Avenue (shared MRI)	PO	0.5	1,595	1,461	1,373	2,746	95.3%	-13.9%
Hillsboro Imaging	ODC	1	4,379	3,905	3,692	3,692	128.2%	-15.6%
Hughston Clinic Orthopaedics at Harding Place	ODC	2	4,436	5,156	2,054	1,027	35.7%	-53.7%
Millennium MRI, LLC (shared MRI)	ODC	0.5	495	313	303	606	21.0%	-38.8%
Mobile MRI Services Briarville	ODC	0.2	0	696	881	4,405	153.0%	n/a
Nashville Bone and Joint	PO	0	1,001	841	0	0	0.0%	n/a
Nashville General Hospital	HOSP	1	1,398	1,564	1,610	1,610	55.9%	+15.2%
Next Generation Imaging, LLC (shared MRI)	ODC	0.5	763	857	618	1,236	42.9%	-19.0%
One Hundred Oaks Breast Center	H-Imaging	1	870	934	984	984	34.2%	+13.1%
One Hundred Oaks Imaging	ODC	2	5,623	8,302	8,600	4,300	149.3%	+52.9%
Outpatient Diagnostic Ctr. of Nashville	ODC	2	5,498	5,260	5,177	2,589	89.9%	-5.8%
Pain Management Group, PC	PO	1	1,878	3,680	3,370	3,370	117.0%	+79.4%
Premier Radiology Belle Meade	ODC	3	5,930	6,930	7,617	2,539	88.2%	+28.4%
Premier Radiology of Brentwood	ODC	1	2,914	2,517	2,966	2,966	103.0%	+1.8%
Premier Radiology Hermitage	ODC	2	5,162	5,735	6,721	3,361	116.7%	+30.2%
Premier Radiology Midtown	ODC	2	3,735	4,215	4,550	2,275	79.0%	+21.8%
Premier Radiology Nashville	ODC	1	1,954	2,165	2,886	2,886	100.2%	+47.7%
Premier Radiology St. Thomas West	ODC	1	2,568	2,889	3,033	3,033	105.3%	+18.1%
Specialty MRI	ODC	0.5	797	799	897	1,794	62.3%	+12.5%
St. Thomas Medical Partners-Howell Allen Imaging	PO	1	4,871	0	208	-	-	-95.7%
St. Thomas Midtown Hospital	HOSP	1	2,825	3,156	3,503	3,503	121.6%	+24.0%
St. Thomas Hospital West	HOSP	2	4,944	5,962	3,156	1,578	54.8%	-36.2%
Tennessee Oncology, PET Services	PO	1	1,542	1,595	1,508	1,508	52.4%	-2.2%
Tennessee Orthopaedic Alliance Imaging	PO	2	7,564	8,150	8,607	4,304	149.4%	+13.8%
TriStar Centennial Medical Center	HOSP	4	9,729	9,755	10,470	2,618	90.9%	+7.6%
TriStar Skyline Medical Center	HOSP	2	8,097	7,155	7,538	3,769	130.9%	-6.9%
TriStar Southern Hills Medical Center	HOSP	1	2,771	2,930	2,932	2,932	101.8%	+5.8%
TriStar Summit Medical Center	HOSP	1	4,363	4,292	4,677	4,677	162.4%	+7.2%
TriStar Summit Medical Center-ODC	ODC	1	2,040	1,954	1,773	1,773	61.6%	-13.9%
Vanderbilt University Medical Ctr.	HOSP	6	30,164	30,797	32,772	5,462	189.7%	+8.6%
Davidson County Sub-total		48.2	139,393	143,493	144,909	3,006	104.4%	+4.0%

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Rutherford County								
Imaging Center of Murfreesboro	ODC	1	5,244	5,624	**5,624	5,624	195%	+7.25%
Murfreesboro Medical Clinic-Garrison Drive	PO	1	2,770	2,597	2,973	2,973	103%	+7.33%
Pain Management Group (Implemented for 3.5 month in 2017)	PO	1	N/A	N/A	477	1,639 (annualized)	56.9%	N/A
Premier Radiology Murfreesboro	ODC	2	6,480	7,384	7,998	3,999	139%	+23.4%
Premier Radiology Smyrna	ODC	2	3,614	4,334	4,677	2,339	81%	+29.4%
St. Thomas Rutherford Hospital	HOSP	2	2,572	3,306	2,070	1,035	36%	-19.5%
Tennessee Orthopaedic Alliance Imaging	PO	2	4,530	5,601	6,039	3,020	105%	+33.3%
TriStar Stonecrest Medical Center	HOSP	1	2,896	3,072	2,864	2,864	99%	-1.1%
Rutherford County Sub-Total		12	28,106	31,918	32,722	2,726	96.7%	+16.4%
Williamson County								
Cool Springs Imaging	ODC	1	4,954	4,838	4,395	4,395	152.6%	-11.3%
Premier Radiology Cool Springs	ODC	2	3,768	4,435	5,005	2,503	86.9%	-33.6%
Williamson Medical Center	HOSP	1	4,740	4,365	3,561	3,561	123.6%	-24.9%
Vanderbilt Bone and Joint	PO	1	1,635	2,696	3,179	3,179	110.4%	+94.4%
Williamson County Sub-Total		5	15,097	16,334	16,140	3,228	118.4%	+6.9%
Service Area Total		65.20	182,596	191,745	193,771	2,972	103.2%	+6.1%

Notes: (*) HOSP= Hospital, PO = Physician Office, HODC = Imaging Center that is a hospital department, ODC = Outpatient Diagnostic Center;

**Imaging Center of Murfreesboro did not report 2017 data so the 2016 historical data was used as an estimate for 2017.

Source: 2015-2017 Joint Annual Reports, and CN1805-020, Page 38

- The chart above indicates that MRI volumes in the 3-county proposed service area increased 6.1% between 2015 and 2017. Twenty-four out of 41 (56%) of all providers experienced increased volume during this time period.
- Overall, the MRIs in the service area operated at approximately 103.2% of the optimal MRI volume standard in 2017.
- Twenty-one out of 42 (50%) MRI providers in Davidson and Rutherford Counties met the optimal standard of 2,880 procedures per MRI in 2017.

Applicant's Historical and Projected Utilization

The projected utilization of all imaging modalities planned for the proposed ODC is shown in the table below:

Projected Procedures, All Imaging Modalities			
Imaging Modality	2021	2022	2023
MRI	2,550	2,700	3,000
CT	2,183	2,619	2,910
Other	5,175	6,210	6,900
Total	9,608	11,529	12,810

Source: CN1805-020, Page 44.

- Projected MRI utilization is expected to increase by approximately 17.7% from Year 1 (2021) to Year 3 (2023) of the project.

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- Projected MRI and CT utilization of the proposed ODC is expected to account for approximately 23.4% and 22.7%, respectively, of 10,326 total imaging procedures in Year 2 (2022) of the project.

ECONOMIC FEASIBILITY

Project Cost

The total project cost is \$8,696,230. Of this amount, the major costs are as follows:

- Facility Lease-\$1,683,651 or 19.4% of total cost.
- Fixed imaging equipment, including MRI, CT, ultrasound, and X-Ray equipment - \$2,696,858 or 30.2% of total cost.
- Of the \$2,626,858 fixed equipment cost, the applicant will purchase a 1.5 Tesla new fixed MRI unit from GE for \$1,127,117 (including tax) that will be placed into service at the proposed ODC.
- For other details on Project Cost, see the Project Cost Chart on page 47R of the original application.

Financing

MEDNAX will fund the proposed project through a cash grant.

- A letter from John C. Pepia, Senior Vice President, confirms MEDNAX's commitment to fund \$5,312,400 of total capital expenditures to implement the proposed project.
- In return for MEDNAX's funding of \$5,312,400, once the ODC has a positive cash flow, MEDNAX will be entitled to 99% of the project's free cash flow on an annual basis until the year 2040 as repayment.
- Review of MEDNAX, Inc.'s audited consolidated balance sheet ending December 31, 2017 revealed cash and cash equivalents of \$60,200,000, total current assets of \$627,235,000 and current liabilities of \$531,425,000 for a current ratio of 1.18 to 1.0.

Note to Agency Members: Current Ratio is a general measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

- The net operating margin ratio for the total facility calculates to approximately .039% in Year 1 and .120% in Year 2.
- The projected net operating margin ratio for the MRI service calculates to approximately .039% in Year 1 and .120% in Year 2.

Note to Agency Members: The net operating margin demonstrates how much revenue is left over after all the variable or operating costs have been paid.

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- MEDNAX's capitalization ratio is 11.21% (as calculated from MEDNAX's audited financial statements for the 2017 fiscal year period ending December 31, 2017).

Note to Agency Members: The capitalization ratio measures the proportion of debt financing in a business's permanent financing mix.

Historical Data Chart

- As an applicant for a new ODC, the applicant has no historical data.

Projected Data Chart

Antioch Outpatient Diagnostic Center provided projected data charts for the proposed ODC in total on pages 54(R2)-55(R-2) of the application and for MRI services on pages 56(R2)-57(R2). Some of the highlights are as follows:

MRI Services

- Estimated gross operating revenue is \$2,818,889 on 2,250 MRI procedures in FY2021 (Year 1) increasing by approximately 20% to \$3,382,667 on 2,700 procedures in FY2022 (Year 2).
- Net operating revenue for each of the first 2 years of the project is expected to be approximately 34.5% of gross operating revenue in Year One and 34.6% in Year Two.
- Free Cash Flow (Net Balance + Depreciation) of (\$39,734) is projected for FY2021 and is expected to increase by approximately 241.5% to \$56,217 in FY2022.
- The applicant projects unfavorable net operating income of (\$115,171) in Year 1, and (\$19,219) in Year 2.
- The applicant allocates \$9,132 for charity care in Year 1 increasing to \$11,014 in Year 2. Based on a projected gross charge of \$1,253 per MRI procedure, these amounts calculate to approximately 7.28 charity care patients in Year 1 and 8.8 patients in Year 2.

Total Facility

- Gross operating revenue is expected to increase by approximately 7.1% from \$5,824,151 on 9,608 total imaging procedures in FY2021 to \$6,988,981 on 11,529 total procedures in FY2022.
- The applicant projects unfavorable net losses of (\$237,956) in Year 1 and (\$39,710) in Year 2.

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Charges

- The proposed Year One MRI average gross charge equals \$1,253 per MRI procedure, average deductions from revenue \$821 per procedure, and average net charge \$432 per procedure.
- According to data reported in the HSDA Equipment Registry for the 2016 calendar year period, an average gross charge of \$1,253 per MRI procedure is below the first quartile (\$1,779.72 *per procedure*) of MRI charges in Tennessee.

Medicare/TennCare Payor Mix

As a new facility, the applicant states that it will seek certification for participation in Medicare, TennCare, and Medicaid programs. The applicant's projected payor mix for Year 1 (FY2021) is as follows:

Payor Source	Gross Revenue	% Gross Revenue
Medicare/Medicare Managed Care	\$1,231,125	21.1%
TennCare/Medicaid	\$606,144	10.4%
Commercial/Other Managed Care	\$3,794,600	65.2%
Self-Pay	\$77,783	1.3%
Charity	\$18,868	0.3%
Other	\$95,631	1.6%
TOTAL	\$5,824,151	100.0%

Source: CN1805-020

- TennCare/Medicaid-Year 2021 projected revenue is \$606,144 representing approximately 10.4% of total revenue in Year 1.
- Medicare-The applicant expects \$1,231,125 in Medicare revenue representing approximately 21.1% of total revenue in Year 1.
- Managed Care/Commercial combined is projected to total \$3,794,600 or 65.2% of total revenue in Year 1.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- If approved, Antioch Outpatient Diagnostic Center will be licensed by the Tennessee Department of Health as an ODC.

Certification

- The applicant will seek Medicare and TennCare/Medicaid certification.

Accreditation

- The applicant will seek accreditation by the American College of Radiology.

ANTIOCH OUTPATIENT DIAGNOSTIC CENTER

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Other Quality Standards

- As noted in the May 25, 2018 supplemental response, the applicant commits to obtaining and/or maintaining the following:
 - Staffing levels comparable to the staffing chart presented in the CON application. The applicant will maintain appropriate staffing levels consistent with facility imaging volumes.
 - Licenses in good standing
 - TennCare/Medicare certifications
 - As a new operator of the proposed ODC, the applicant does not have a three-year history to report regarding compliance with federal and state regulations.
 - Self-assessment and external peer assessment processes against nationally available benchmark data.
 - Data reporting, quality improvement and outcome/process monitoring systems.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant intends to request emergency transfer agreements with area hospitals, including but not limited to TriStar Southern Hills Medical Center and TriStar StoneCrest Medical Center.

Impact on Existing Providers

- The applicant indicates the proposal will not have any negative impact on other providers as the project projections are based on rapid historical growth in area-wide demand.

Staffing

The applicant provided the facility staffing complement in the table on page 65R of the original application. As noted in the table, total direct patient care in Year 1 is expected to be as follows:

- 1.0 FTE MRI technologist
- 1.0 FTE CT technologist
- 1.0 FTE ultrasound tech
- 1.0 FTE x-ray tech
- 4.0 Total FTEs

Note to Agency Members: 1 FTE means an employee who works 2,080 regular hours per year.

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Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent or denied applications for similar service area entities proposing this type of service.

Pending Applications

Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1805-021, has a pending application that will be heard at the October 24, 2018 Agency meeting for the establishment of an outpatient diagnostic center (ODC), the initiation of MRI services, and the acquisition of a fixed 1.5 Tesla MRI unit and fixed 16 slice CT unit at a newly completed medical office building (31,593 SF) at 3754 Murfreesboro Pike, Antioch (Davidson County), TN, 37013. **The estimated project cost is \$3,558,788.00.**

Vanderbilt University Medical Center, CN1807-030 has a pending application that will be heard at the October 24, 2018 Agency meeting for the initiation of pediatric MRI services at an unaddressed site on the east side of Garrison Drive near the intersection of Garrison Drive and West College Street, Murfreesboro (Rutherford County), TN. **The estimated project cost is \$3,537,915.71.**

Outstanding Certificates of Need

Vanderbilt University Medical Center, CN1705-016A, has an outstanding Certificate of Need that will expire on October 1, 2020. The application was approved at the August 23, 2017 Agency meeting for the addition of a 3.0 Tesla magnetic resonance imaging (MRI) unit dedicated to pediatrics on the Monroe Carell Jr. Children's Hospital at Vanderbilt (MCJCHV) campus. **The estimated project cost is \$5,097,233.77.** *Project Status Update: According to a July 13, 2018 project update, construction for the MRI is underway.*

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Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1701-003A, has an outstanding Certificate of Need will expire June 1, 2019. The project was approved at the April 26, 2017 agency meeting for the establishment of an Outpatient Diagnostic Center, initiation of MRI services, and acquisition of a fixed MRI unit in leased space at 2723 New Salem Highway, Murfreesboro (Rutherford County), TN. **The estimated project cost is \$2,626,335.46.** *Project Status Update: Per an e-mail update received on May 17, 2018, the application for licensure was approved by the Tennessee Department of Health on May 16, 2018 and the facility was expected to open within 2 weeks. A Final Project Report is pending.*

Williamson Medical Center, CN1512-067A, has an outstanding Certificate of Need that will expire on April 1, 2019. The CON was approved at the February 24, 2016 Agency meeting for the acquisition of a 1.5 Tesla MRI unit to be operated under the license of Williamson Medical Center at its off-campus outpatient imaging department located at 4601 Carothers Parkway approximately 1,450 feet from the hospital's main campus at 4321 Carothers Parkway in Franklin (Williamson County), TN 37067. **The estimated project cost is \$2,401,068.** *Project Status: Based upon an annual progress report dated March 13, 2018 from a representative of the applicant, the projected date of service implementation is January 2019.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME 8/10/2018

LETTER OF INTENT

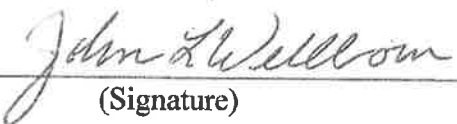
LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in Davidson County, Tennessee, on or before May 10, 2018, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Antioch Outpatient Diagnostic Center (a proposed Outpatient Diagnostic Center), to be owned and managed by Tennessee Imaging Services, LLC (a limited liability company), intends to file an application for a Certificate of Need to establish an Outpatient Diagnostic Center, to acquire MRI equipment and initiate MRI services and to provide CT scanning and other diagnostic imaging services in leased space at 5380 Hickory Hollow Parkway, Suites 101-11, Antioch, TN 37013, at a capital cost estimated for CON purposes at \$8,800,000, including lease payments for seven years.

The project will seek licensure by the Board for Licensing Health Care facilities as an Outpatient Diagnostic Center (ODC). The project does not contain any other type of major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements.

The anticipated date of filing the application is on or before May 15, 2018. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

	5-8-18	jwdsg@comcast.net
(Signature)	(Date)	(E-mail Address)

**CERTIFICATE OF NEED
APPLICATION
FOR
THE ANTIOCH OUTPATIENT
DIAGNOSTIC CENTER**

Davidson County, Tennessee

Filed May 2018

May 15, 2018

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243


RE: CON Application Submittal
Establishment of an Outpatient Diagnostic Imaging Center with MRI
Nashville, Davidson County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application for the Antioch Outpatient Diagnostic Center. The affidavit and filing fee are enclosed.

I am the contact person for this project. Brant Phillips at Bass, Berry is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,


John Wellborn
Consultant

Application
(Copy)

Antioch Outpatient Diagnostic Center
Antioch (Davidson Co.)

CN1805-020

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Antioch Outpatient Diagnostic Center

Name

5380 Hickory Hollow Parkway , Suite 101

Street or Route

Davidson

County

Antioch

City

TN

State

37013

Zip Code

No website at this time

Website Address

2. Contact Person Available for Responses to Questions

John Wellborn

Name

Consultant

Title

Development Support Group

Company Name

jwdsg@comcast.net

E-Mail Address

4219 Hillsboro Road, Suite 210

Street or Route

Nashville

City

TN

State

37215

Zip Code

CON Consultant

Association With Owner

615-665-2022

Phone Number

615-665-2042

Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures. Please answer all questions on 8.5" X 11" white paper, clearly typed and spaced, single-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed and signed notarized affidavit.

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total, explaining each numbered point.

(1) Description (Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant.)

- The project is the establishment of an Outpatient Diagnostic Center (“ODC”) in the rapidly growing Antioch area of southeast Davidson County. It will provide outpatient diagnostic imaging modalities that initially will be MRI, CT, Ultrasound and Radiography/Fluoroscopy.
- The ODC will be developed in leased space in an existing office building at 5380 Hickory Hollow Parkway, Suite 101-11, Antioch, Tennessee 37013. The ODC will occupy approximately 6,890 SF of renovated space on the ground floor.
- Radiology Alliance, a radiology group practice that staffs Imaging Departments at five service area hospitals, will provide medical supervision and direction to the ODC. Radiology Alliance is the largest radiology group in Tennessee, with more than 60 radiologists serving patients at 11 hospital, ODC and clinic locations in Middle Tennessee. The purpose of the project is to make imaging services more easily accessible and affordable for residents of one of the most populous and fast-growing sectors of the greater Nashville area.
- If granted CON approval in August 2018, the ODC expects to open on or before January 1, 2021. It will provide services on weekdays and Saturdays—including early morning, early evening, and weekend options for working people unable to come during routine daytime hours.

(2) Ownership Structure

The Antioch Outpatient Diagnostic Center will be owned by and licensed to Tennessee Imaging Services LLC, a Tennessee limited liability company (“TIS”). TIS is a new entity, formed to own and operate AODC. TIS does not operate, and has no ownership in, any other facility. TIS is owned by American Radiology Holdings, P.C., a Tennessee professional corporation (“ARH”). ARH, in turn, is wholly owned by Dr. Curtis Pickert, M.D.

Infinity Management, LLC, a Tennessee limited liability company (“Infinity”), will provide non-medical administrative support services to TIS upon the commencement of its operation of AODC. Infinity is an indirect subsidiary of MEDNAX, Inc., a leading provider of physician and practice management services with more than 4,000 affiliated physicians through the United States (“MEDNAX”).

MEDNAX will fund the AODC project and its subsidiary, Infinity, will collect an administrative support services fee from TIS in exchange for the provision of administrative support services. Radiology Alliance, P.C., a Tennessee professional corporation wholly owned by ARH, will staff AODC with physicians to provide clinical leadership and professional interpretations of imaging studies. Technical staff for AODC will be employed or engaged by TIS.

TriStar Health Systems, Inc., an HCA division of hospitals in the Middle Tennessee region or an affiliate thereof (referred to as “TriStar” herein for convenience), holds an option to acquire up to 75% ownership or equity interest in this project. If TriStar exercises its right to acquire an interest in the project, the acquisition will not be effective until after the CON is granted. If TriStar acquires greater than 50% interest in the project prior to licensure of the ODC, the prior approval of the Agency will be sought and received as required by HSDA Rules.

Because TriStar has the right but not the obligation to acquire an interest in the project, this application demonstrates the applicant’s ability to fund, develop and operate the project without TriStar’s involvement.

A copy of the option agreement between the applicant and its affiliates, and TriStar is attached in the Support Letters attachment at the end of this application.

(3) Service area

- The primary service area (“PSA”) will be Davidson, Rutherford, and Williamson Counties.

(4) Existing similar service providers

- The three PSA counties contain a large number of licensed healthcare facilities that provide outpatient diagnostic imaging services to residents of many Middle Tennessee counties. For example, within the PSA, MRI diagnostic services are currently provided at 44 hospitals, Outpatient Diagnostic Centers (ODCs), mobile sites and private practice physician offices. Most of those also offer other diagnostic imaging services such as CT.

(5)(6) Project cost and Funding

- The project cost for CON review purposes is \$8,660,608. Of this, \$5,312,336 is the actual capital cost required to apply for CON approval and to implement the project. The \$3,348,272 balance consists of space lease and equipment maintenance contract costs that will be ongoing operating expenses, not capital costs.
- All required capital costs of the project will be funded by cash transfers from MEDNAX, a publicly traded company that is assisting with the development of the project.

(7) Financial feasibility, including when the proposal will realize a positive financial margin; and

- The ODC is projected to have a positive cash flow and also a positive financial margin during Year Two and subsequent years.

(8) Staffing

- The project will be staffed in Year One with 7.5 FTEs, including MRI, CT, and other specialized imaging technologists.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B of this application. Please summarize, in one page or less, each of the criteria.

(1) Need

(a) Need for MRI

Note: The project is an Outpatient Diagnostic Center with MRI and several other diagnostic imaging modalities. MRI is the only one of these modalities that is regulated by CON, has a “need” standard in the State Health Plan, and annually reports unit locations and utilization. For example, CT locations and utilization and utilization data are reported annually; but there are no State planning standards for determining need for CT. Therefore this section focuses only on the areawide need for outpatient MRI capacity, and the appropriateness of the project’s location in a high-growth sector of the primary service area.

The Antioch ODC will primarily serve patients from Southeast Davidson, North Rutherford, and West Williamson Counties. These three counties constitute the primary service area (“PSA”) of the project.

The project is named for its central location in the Antioch area of Davidson County. Many parts of the Antioch zip code have a relatively low household income. It has one of the Nashville area’s fastest growing populations.

The three-county PSA covers most of the Greater Nashville urban area. In 2017, it contains 65.2 total MRI units. Of these, 62.7 were non-specialty units; and 2.5 were specialty units (which the State Health Plan excludes from the CON inventory when calculating area need).

The State Health Plan defines “optimal capacity” of a non-specialty MRI unit--the point at which an additional unit can be appropriate--as 2,880 procedures for a stationary unit and 480 procedures per day for a mobile unit.

In 2017, the 62.7 non-specialty MRI units in the 3-county service area operated at an average of 3,046 annual procedures, which was 105.8% of optimal capacity. The “publicly accessible” units--hospital, ODC, and mobile units--operated at an average of 106.1% of the State Health Plan’s optimal guideline. All units, of all types, restricted and unrestricted, fixed and mobile, operated at 103.2% of the optimal guideline.

Please see the table on the following page for summary utilization data, by type of provider. More detailed utilization data for each provider is shown in tables in the Utilization section of this application.

Table A-3B(1): Current Utilization of Service Area MRIs				
	Number	2017 Procedures	Average Procedures Per Unit	Percent of Optimal Utilization (2,880)
All MRI Units	65.2	193,771	2,972	103.2%
Publicly Accessible Units	51.7	157,921	3,055	106.1%
Private MD Office Units	13.5	35,850	2,656	92.2%
Non-Specialty Units	62.7	190,969	3,046	105.8%
Specialty Units	2.5	2,802	1,121	38.9%

Note: Publicly accessible units are those in hospitals, ODCs, and mobile settings. They do not include units in private physician practices available only to patients of that practice. Specialty units are restricted to low-volume types of imaging such as breast, arm/leg or multiposition imaging, and are excluded from State Health Plan calculations of the need for MRI.

Reasonably projected, future MRI utilization will continue to increase, at a rate that will allow an additional MRI to enter the service area, without adverse impact on existing MRIs as a group.

From 2015 to 2017, procedures of all area MRI units (not just non-specialty MRIs) increased 6.1%. Four years from now, in 2021, at a slower market growth of 5% every two years, the service area will need to deliver 213,633 scans--which is 19,862 more annual procedures. That will be enough to fill almost seven additional MRI units to optimal capacity (19,862 additional procedures / optimal 2,880 procedures per unit = 6.9 units). So with conservatively projected market growth, optimal operation of the single MRI proposed for Antioch can be generated entirely by new areawide demand. It will not reduce the average utilization of other existing providers, which as a group will also be increasing in utilization.

However, even were there to be no additional growth in demand over the next four years (an implausible scenario for Nashville), this project would still be appropriate under State Health Plan criteria. The State Plan excludes specialty units from its calculation of need for a non-specialty MRI. There are now 62.7 non-specialty units averaging 3,046 annual procedures per unit--well above the 2,880-procedure benchmark. If the Antioch MRI is approved, giving the market 63.7 units, the average per unit with *no growth* beyond 2017 would be 2,998 procedures per unit, which is still above the 2,880-procedure State Plan standard.

(b) Need for an ODC With MRI in the Antioch Sector of the Service Area

The project is proposed for one of the largest, fastest-growing and least served sectors within the three-county service area. In just four years, more than 100,000 residents--more than 15% of Davidson County's population--are projected to live in the Antioch zip code where this ODC will be located. This will exceed the populations of more than 75 of Tennessee's 95 counties. Antioch zip code residents have average household incomes much lower than in the

three-county service area as a whole. No MRI or ODC resource is currently located in that zip code. The project site in Antioch is approximately 20-30 minutes drive time from any existing or approved ODC. Improving the Antioch sector's access to diagnostic imaging services is an important unmet need within the larger three-county service area.

(2) Economic Feasibility

The applicant projects that positive cash flow for the ODC will be achieved in its second year of operation. MEDNAX, the company that will fund this project, is a nationwide provider with financial resources adequate and committed to fund all of the project's development and operating costs and to sustain its operation until cash flow becomes positive.

(3) Appropriate Quality Standards

The Antioch ODC will be clinically supervised by one of the State's largest radiology groups to assure high quality of imaging and interpretation. It will seek MRI accreditation from the American College of Radiology and will be licensed by the Tennessee Department of Health.

(4) Orderly Development of adequate and effective health care

The project is consistent with numerous HSDA decisions approving the distribution of ODCs with MRI across most sectors of the service area. No MRI or ODC exists anywhere in the Antioch area. The project site is approximately 20-30 minutes drive time from any existing or approved ODC. Improving this large population's access to diagnostic imaging services should be the next orderly step in the wide deployment of these lower-cost imaging facilities that are reducing the cost of outpatient healthcare. In addition, more than half of the service area's 18 ODCs are owned by just one provider. It would be a positive improvement for consumers to have an additional ODC provider option.

C. Consent Calendar Justification

If consent calendar is requested, please provide the rationale for an expedited review. A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

Consent calendar review is not requested.

SECTION A (CONTINUED): PROJECT DETAILS**4.A. Owner of the Facility, Agency, or Institution**

Tennessee Imaging Services, LLC	615-320-0125
<i>Name</i>	<i>Phone Number</i>
c/o Infinity Management, 210 25 th Avenue North, Suite 602	Davidson
<i>Street or Route</i>	<i>County</i>
Nashville	TN
<i>City</i>	<i>State</i>
	37203
	<i>Zip Code</i>

B. Type of Ownership or Control (Check One)

A. Sole Proprietorship	<input type="checkbox"/>	F. Government (State of TN or Political Subdivision)	<input type="checkbox"/>
B. Partnership	<input type="checkbox"/>	G. Joint Venture	<input type="checkbox"/>
C. Limited Partnership	<input type="checkbox"/>	H. Limited Liability Company	<input checked="" type="checkbox"/>
D. Corporation (For-Profit)	<input type="checkbox"/>	I. Other (Specify):	<input type="checkbox"/>
E. Corporation (Not-for-Profit)	<input type="checkbox"/>		

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the TN Secretary of State's website <https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx>.

See Attachment Section A-4A.

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

The Antioch Outpatient Diagnostic Center ("AODC") will be owned by, and licensed to, Tennessee Imaging Services, LLC, a Tennessee limited liability company ("TIS"). TIS is a new entity, formed to own and operate AODC. TIS does not operate, and has no ownership in, any other facility. TIS is owned by American Radiology Holdings, P.C., a Tennessee professional corporation ("ARH"). ARH, in turn, is wholly owned by Dr. Curtis Pickert, M.D.

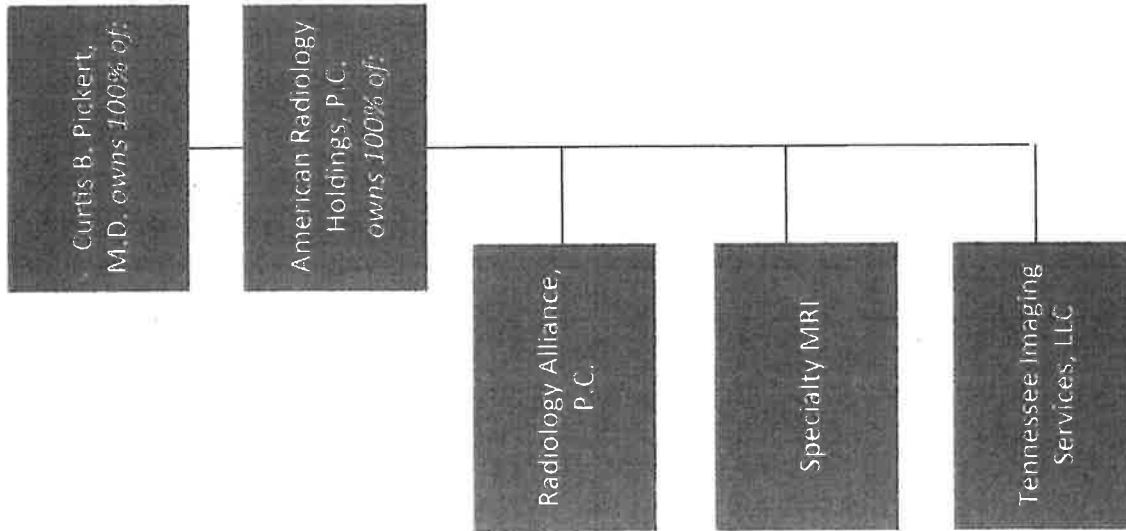
Infinity Management, LLC, a Tennessee limited liability company ("Infinity"), will provide non-medical administrative support services to TIS upon the commencement of its operation of AODC. Infinity is an indirect subsidiary of MEDNAX, Inc., a leading provider of physician and practice management services with more than 4,000 affiliated physicians through the United States ("MEDNAX").

MEDNAX will fund the AODC project and its subsidiary, Infinity, will collect an administrative support services fee from TIS in exchange for the provision of administrative support services. Radiology Alliance, P.C., a Tennessee professional corporation wholly owned by ARH, will staff AODC with physicians to provide clinical leadership and professional interpretations of imaging studies. Technical staff for AODC will be employed or engaged by TIS.

TriStar Health Systems, Inc., an HCA division of hospitals in the Middle Tennessee region or an affiliate thereof (referred to as “TriStar” herein for convenience), holds an option to acquire up to 75% ownership or equity interest in this project. If TriStar exercises its right to acquire an interest in the project, the acquisition will not be effective until after the CON is granted. If TriStar acquires greater than 50% interest in the project prior to licensure of the ODC, the prior approval of the Agency will be sought and received as required by HSDA Rules.

Because TriStar has the right but not the obligation to acquire an interest in the project, this application demonstrates the applicant’s ability to fund, develop and operate the project without TriStar’s involvement.

A copy of the option agreement between the applicant and its affiliates, and TriStar is attached in the Support Letters attachment at the end of this application.



Tennessee Imaging Services is the applicant for the CON. Day to day management and staffing of the facility will be provided by the applicant organization. Business support services such as billing & collection, IT services, credentialing, and accounting will be provided by Infinity Management, LLC.

5A. Name of Management/Operating Entity (If Applicable) Not applicable.

--

Name

--

*Street or Route**County*

--

*City**State**Zip Code*

--

Website Address

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.

6A. Legal Interest in the Site of the Institution (Check One)

A. Ownership		D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of <u> 7 </u> Years (Renewable for 10 more years)	X		

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

See Attachment Section A-6A.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site, on an 8.5" X 11 sheet of white paper, single-sided. Do not submit blueprints. Simple line drawings should be submitted and need not be drawn to scale.

(1) Plot Plan must include:

- a. Size of site (in acres);
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and
- d. Names of streets, roads, or highways that cross or border the site.

See Attachment Section A-6B-1.

(2) Attach a floor plan drawing for the facility, which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8.5" X 11" sheet of paper or as many as necessary to illustrate the floor plan.

See Attachment Section A-6B-2.

(3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The site is accessible by automobile, to residents of the primary service area, and to patients driving into Nashville from counties surrounding Nashville.

Table A-6B(3): Mileage and Drive Times Between Project and Locations Throughout the Primary Service Area			
Location in Primary Service Area	County	Distance in Miles	Drive Time
Nashville State Capitol	Davidson	13.3	18 min.
Old Hickory Blvd at I-65 (Hyatt Place)	Davidson	8.0	19 min.
100 Oaks Mall	Davidson	12.3	16 min.
Belle Meade	Davidson	17.8	25 min.
Bordeaux	Davidson	17.9	24 min.
Madison	Davidson	20.1	24 min.
Donelson	Davidson	13.7	18 min.
Smyrna	Rutherford	11.4	16 min.
Murfreesboro	Rutherford	21.6	25 min.
Eagleville	Rutherford	33.7	34 min.
Franklin	Williamson	26.9	34 min.
Thompson Station	Williamson	29.1	40 min.

Source: Google Maps, May 2018

Bus service is available to and from Antioch by MTA buses, including the Antioch Express, which connects Antioch with downtown Nashville, from which transfers can be made to bus lines throughout Davidson County . Bus service is also available between Antioch and Murfreesboro. Bus service between Antioch and Williamson County locations is not currently available.

7. Type of Institution (Check as appropriate—more than 1 may apply)

A. Hospital (Specify):	H. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty	I. Outpatient Diagnostic Center	X
C. ASTC, Single Specialty	J. Rehabilitation Facility	
D. Home Health Agency	K. Residential Hospice	
E. Hospice	L. Non-Residential Substitution-Based Treatment Center for Opiate Addiction	
F. Mental Health Hospital	M. Other (Specify):	
G. Intellectual Disability Institutional Habilitation Facility ICFF/IID		

8. Purpose of Review (Check as appropriate—more than 1 may apply)

A. New Institution	X	F. Change in Bed Complement <i>Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation</i>	
B. Modifying an ASTC with limitation still required per CON		G. Satellite Emergency Department	
C. Addition of MRI Unit		H. Change of Location	
D. Pediatric MRI		I. Other (Specify):	
E. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify) MRI and ODC	X		

9. Medicaid/TennCare, Medicare Participation

MCO Contracts (Check all that apply): ODC will contract with:	
<input type="checkbox"/> x Amerigroup	<input type="checkbox"/> x United Healthcare Community Plan <input type="checkbox"/> x BlueCare
<input checked="" type="checkbox"/> x TennCare Select	
Medicare Provider Number: to be applied for	
Medicaid Provider Number: to be applied for	
Certification Type: IDTF (Medicare) and ODC (State Licensure)	
If a new facility, will certification be sought for Medicare or for Medicaid/TennCare?	
Medicare	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
Medicaid/TennCare	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A

10. Bed Complement Data

Not Applicable

A. Please indicate current and proposed distribution and certification of facility beds.)

	Beds Currently Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempt	TOTAL Beds at Completion
1. Medical						
2. Surgical						
3. ICU/CCU						
4. Obstetrical						
5. NICU						
6. Pediatric						
7. Adult Psychiatric						
8. Geriatric Psychiatric						
9. Child/Adolescent Psychiatric						
10. Rehabilitation						
11. Adult Chemical Dependency						
12. Child/Adolescent Chemical Dependency						
13. Long-Term Care Hospital						
14. Swing Beds						
15. Nursing Home SNF (Medicare Only)						
16. Nursing Home NF (Medicaid Only)						
17. Nursing Home SNF/NF (dually certified MCare/Maid)						
18. Nursing Home- Licensed (Noncertified)						
19. ICF/IID						
20. Residential Hospice						
TOTAL						

* Beds approved but not yet in service

** Beds exempted under 10%/3 yrs provision

B. Describe the reasons for change in bed allocations and describe the impact the bed changes will have on the applicant facility's existing services.

Not applicable.

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete the chart below.

<u>CON Number</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>
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Not applicable. The applicant has no outstanding Certificates of Need.

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:

Not applicable.

Not Applicable

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. COST PSF TABLE

Please see the table on the following page.

[illegible]

13. MRI, PET, and/or LINEAR ACCELERATOR

Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding an MRI scanner in counties with population less than 250,000, or is initiating pediatric MRI in counties with population greater than 250,000, and/or describe the acquisition of any Positron Emission Tomography (PET) unit or Linear Accelerator unit if initiating the service by responding to the following:

13.A. Complete the Chart below for acquired equipment.

LINEAR ACCELERATOR (Not Applicable)	
Mev: _____	Total Cost*: \$ _____
Types: (indicate one)	By Purchase? _____
SRS _____	By Lease? _____
IMRT _____	
IGRT _____	Expected Useful Life (yrs): _____
Other : _____	New? _____
	Refurbished? _____
	If not new, how old (Yrs)? _____

MRI	
Tesla: 1.5 _____	Total Cost: \$1,808,717*
Magnet: (indicate one)	By Purchase? <input checked="" type="checkbox"/> x
Breast _____	By Lease? _____
Extremity? _____	
Open? _____	Expected Useful Life (yrs): 7 years
x Short Bore? _____	New? <input checked="" type="checkbox"/> x
Other -- _____	Refurbished? _____
	If not new, how old (Yrs)? _____

PET (Not Applicable)	
PET Only? _____	Total Cost*: \$ _____
	By Purchase? _____
PET/CT? _____	By Lease? _____
PET/MRI? _____	Expected Useful Life (yrs): _____
	New? _____
	Refurbished? _____
	If not new, how old (Yrs)? _____

**As defined by Agency Rule 0720-9-.01(13): Vendor's quoted purchase cost with sales tax, plus service agreement costs for six years (after one-year warranty).*

13.B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

See Attachment Section A.13.B.

13.C. Compare the lease cost of the equipment to its fair market value. Note: Per Agency rule, the higher cost must be identified in the project cost chart.

Not applicable; the applicant plans to purchase the equipment.

13.D. Schedule of Operations:

The Antioch ODC will operate on weekdays and Saturdays with varying schedules. On Monday, Wednesday and Friday, its hours will be from 7 am to 5 pm, with 9 of those hours available for MRI scheduling. It will operate Tuesday and Thursday from 9 am to 7 pm, with 9 of those hours available for scheduling. It will operate on Saturday from 9am to 2pm, with four of those hours available for scheduling.

This will total 49 schedulable hours per week: 45 hours on the weekdays, and 4 hours on Saturday.

13.E. Identify the clinical applications to be provided, that apply to the project.

The ODC will provide the typical range of outpatient diagnostic procedures, including but not limited to the modalities of MRI, CT, Ultrasound, X-ray/Fluoroscopy and Bone Densitometry. Both head and body MRI studies will be provided as appropriate. Adult and pediatric patients will be served.

13.F. If the equipment has been approved by the FDA within the past five years, provide documentation of the same.

See Attachment A.13.F for the FDA approval letter for the MRI.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. *If a question does not apply to your project, indicate “Not Applicable (NA).”*

NEED

1. Provide a response to each criterion and standard in Certificate of Need categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the THSDA or found on the agency’s website at <http://tjn.gov/hsda/article/hsda-criteria-and-standards>.

The State Health Plan and Guidelines for Growth contain project-specific criteria for MRI Services and for Outpatient Diagnostic Centers. Following are responses to each set of criteria.

Project-Specific Review Criteria: MRI Services

1. Utilization Standards for non-Specialty MRI Units.

a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2,160 MRI procedures in the first year of service, building to a minimum of 2,520 procedures per year by the second year of service, and building to a minimum of 2,880 procedures per year by the third year of service.

Projected MRI procedures comply with this criterion.

Table B- State Health Plan-Criterion 1a: Projected MRI Utilization of Project			
	Year One--2021	Year Two--2022	Year Three--2023
State Plan Standard	2,160	2,520	2,880
Proposed MRI	2,250 (75% of Yr 3)	2,700 (90% of Yr 3)	3,000

b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

Not applicable. This will be a stationary MRI.

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

Not applicable. The proposed MRI unit does not have unique capabilities.

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

Not applicable. This will be a stationary MRI.

e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

Not applicable. This will not be a hybrid unit.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

Table B-Need-5a(5) in Section B.III.B.1 later in the application shows that communities across each of the three service area counties are within 32 minutes' drive time of the project.

None of the service area counties is in, or adjoins, another State.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The proposed MRI unit is very fast technology and is competitively priced with other manufacturers' units of comparable strength. There is no MRI in the Antioch area in which the applicant could establish a sharing arrangement. Most MRIs in the service area are highly utilized at this time and would have no reason to share their MRI schedule with another provider.

4. Need Standard for Non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

In 2017, the 62.7 non-specialty MRI units in the 3-county service area operated at an average of 3,046 annual procedures, which was 105.8% of optimal capacity. The "publicly accessible" units--hospital, ODC, and mobile units--operated at an average of 106.1% of the State Health Plan's optimal guideline. All units, of all types, restricted and unrestricted, fixed and mobile, operated at 103.2% of the optimal guideline.

Table B- State Health Plan-Criterion 4: Current Utilization of Service Area MRIs				
	Number	2017 Procedures	Average Procedures Per Unit	Percent of Optimal Utilization (2,880)
All MRI Units	65.2	193,771	2,972	103.2%
Publicly Accessible Units	51.7	157,921	3,055	106.1%
Private MD Office Units	13.5	35,850	2,656	92.2%
Non-Specialty Units	62.7	190,969	3,046	105.8%
Specialty Units	2.5	2,802	1,121	38.9%

5. Need Standards for Specialty MRI Units.

a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;

2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;

3. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.

4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.

b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.

c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.

Criteria 5a-5c are not applicable. The proposed unit is not a specialty unit.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

The applicant's data comply with this requirement.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

Please see the Attachments for the FDA letter documenting approval for use.

b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The MRIs location, installation and operation will conform to all applicable Federal, State and local requirements and to the manufacturer's specifications.

c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

Emergencies will be managed using policies and procedures to be developed after the facility is approved and under development. Those will incorporate best practices for emergency response to any patient need. Medical and ODC staff will be trained in emergency response. Emergency transfer agreements will be in place with one or more area hospitals. All radiologists working onsite will have admitting privileges at those hospitals. The facility will continuously maintain a crash cart with appropriate equipment, medications, and supplies.

d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant will perform retrospective reviews on MRI necessity as part of its Quality Improvement program. In addition, the supervising radiologists who receive all physician

requests for MRI will routinely identify requested studies that need to be reviewed with the requesting physician as to appropriateness and necessity.

e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

The applicant's MRI service will be ACR-accredited. Part of the accreditation process is assurance of appropriate staff education and training. The applicant is committed to meet the staffing and staff education and training requirements of the ACR.

f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

The applicant will seek ACR Accreditation for its equipment within two years of opening the MRI service.

g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant will seek emergency transfer agreements from TriStar Southern Hills Medical Center and TriStar StoneCrest Medical Center. The ODC's Medical Director will be on the active medical staff of both these facilities. Radiology Alliance radiologists are all on the active staff of all area HCA facilities because they provide teleradiology interpretations for all those facilities.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant will do so.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

The project is not located in an area with such Federal designation.

b. Who is a “safety net hospital” or a “children’s hospital” as defined by the Bureau of TennCare Essential Access Hospital payment program; or

Not applicable to an ODC that is not owned by such a facility.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant commits to seek contracts with all MCOs active in its service area, as well as with Medicare. All studies performed in the ODC on MCO patients will be interpreted by physicians in contract with the facility and with those MCOs.

d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

The applicant is not claiming this special consideration.

Project-Specific Review Criteria: Outpatient Diagnostic Centers

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

This criterion is not useful to evaluate this project. In this case, reliance on service area population of the project's county would be misleading because almost half of the patients using service area MRI units reside in counties outside the 3-county service area. The service area's MRI utilization substantially exceeds the State's utilization Guideline. Utilization has increased over the past two years. Over the next four years, population growth of the service area is projected to be 7.4%, compared to the State's increase of 4.2% during that time.

The other imaging modalities in this project are not regulated services and do not require utilization reports. In these circumstances, applicants are unable to quantify an areawide need for modalities other than MRI.

2. Approval of outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances which require additional services.

The applicant has demonstrated that with respect to MRI, publicly accessible MRI units are utilized at 109% of the State Plan standard for adding MRI capacity. There is no State Plan standard or Guideline defining optimal utilization for CT or other diagnostic modalities offered in this project; nor is there reported areawide utilization data on imaging modalities at all providers, other than for MRI and CT; so no projections can be made on the area need for other modalities in the project.

3. Any special needs and circumstances:

a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

Needs have been analyzed in B.II.C. for facilities for which data is publicly available and for which need criteria exist in the State Health Plan or Guidelines for Growth.

b. Other special needs and circumstances which might be pertinent must be analyzed.

None has been identified.

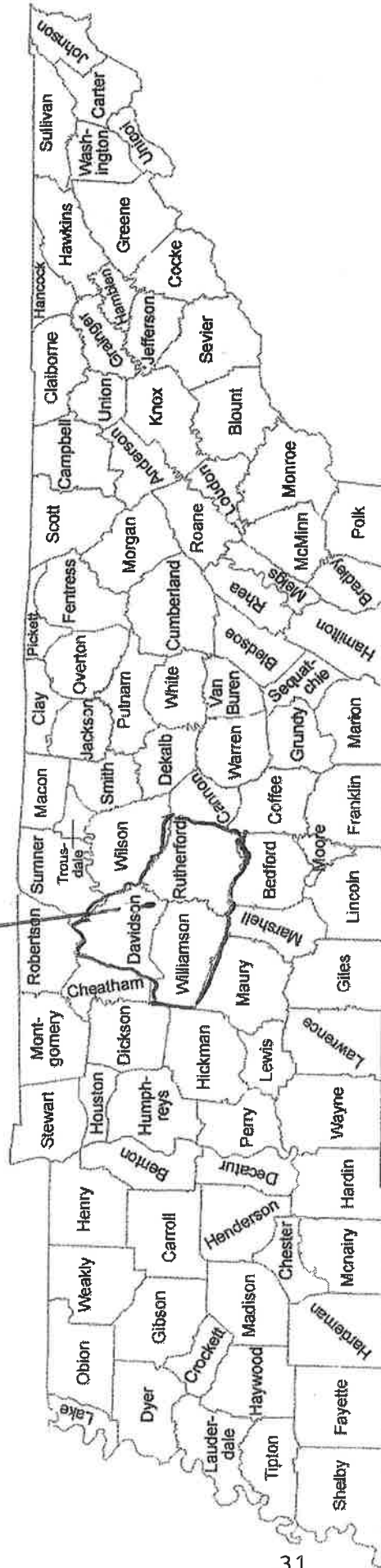
c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

- 1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in accordance with accepted medical practice.**
- 2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.**

This has been covered with respect to the MRI criteria. The same protocols will apply to other modalities in the ODC as well.

ANTIOCH OUTPATIENT DIAGNOSTIC CENTER

PRIMARY SERVICE AREA



4a(1). Describe the demographics of the population to be served by the proposal.

The primary service area is large and rapidly growing. Its current population is estimated at 1,255,998. The Tennessee Department of Health projects that in four years, by 2022, it will have a population of 1,356,791 persons. That will be an increase of 8% in just four years--almost twice the 4.4% population growth rate Statewide over the same period.

The primary service area has an overall median age averaging 35.4 years, which is markedly younger than the State's 38.5 year median age.

The area has a median household income of \$69,552, substantially higher than the State's \$46,574 median income. Approximately 14.1% of area residents live below the Federally-defined poverty level, compared to 17.2% Statewide. Approximately 16.5% of service area residents are TennCare enrollees compared to 17.2% Statewide.

As the table on the following page shows, the very large Antioch zip code where this project will be located has an especially large and rapidly growing population. It is projected to increase in population by 13.1% over the next four years, much faster than the State growth rate of 4.4% and the 3-county service area growth rate which is 8.0%. In 2022, this single zip code is projected to have 113,039 residents--exceeding the populations of more than 75 of Tennessee's 95 counties. This zip code will contain 15.5% of Davidson County's entire population, and will equal 30.7% of Rutherford County's entire population. Yet, at present, none of the service area's 17 ODCs and 65 MRI units is located within the Antioch zip code.

4a(2). Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the U.S. Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data:

<http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data:

<http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder:

<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Please see the Table B-Need-4A(2) on the following page.

Table B-Need-4A(2): Antioch ODC--Primary Service Area Demographic Data												
Service Area Counties Containing the Primary Service Area	Department of Health / Health Statistics						Bureau of the Census				TennCare	
	Current Total Population 2018	Projected Total Population 2022	Total Population % Change 2018 - 2022	Projected Target Population (All Ages) 2018	Projected Target Population (All Ages) 2022	Projected Target Population (All Ages) % Change 2018 - 2022	Projected Target Population (All Ages) 2022	Median Age	Median Household Income	Persons Below Poverty Level as % of Total Population	Persons Below Poverty Level as % of Total Population	TennCare Enrollees as % of Total County Population
Davidson	658,061	730,404	4.6%	698,061	730,404	4.6%	730,404	34.2	\$50,484	123,557	17.7%	142,702
Rutherford	332,411	368,752	10.9%	332,411	368,752	10.9%	368,752	32.9	\$58,032	41,884	12.6%	51,881
Williamson	225,526	257,635	14.2%	225,526	257,635	14.2%	257,635	39.0	\$100,140	11,727	5.2%	12,650
Service Area Counties	1,255,998	1,356,791	8.0%	1,255,998	1,356,791	8.0%	1,356,791	35.4	\$69,552	177,168	14.1%	207,233
State of TN	6,960,524	7,263,893	4.4%	6,960,524	7,263,893	4.4%	7,263,893	38.5	\$46,574	1,197,210	17.2%	1,565,932
Antioch Zip Code 37013	99,928	113,039	13.1%	99,928	113,039	13.1%	113,039	31.9	\$49,805	15,089	15.1%	

Sources: County-Level and Statewide TDQH Population Projections; U.S. Census QuickFacts/Factfinder; TennCare Bureau.
Zip Code Level Population from American Community Survey; U.S. Census Bureau; projections based on 2011-16 5-year growth rate.
Service area data is either total, or average, as appropriate.

4b. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The Antioch sector of the service area, where this project is to be located, is very populous and is growing rapidly. In 2022, this single zip code is projected to have 113,039 residents--exceeding the populations of more than 75 of Tennessee's 95 counties. This zip code will contain 15.5% of Davidson County's entire population and will equal 30.7% of Rutherford County's entire population. Yet, at present, none of the service area's 17 ODCs and 65 MRI units is located within the Antioch zip code.

It has a much lower median household income (\$49,805) than the three-county project service area (\$69,552).

Many Antioch-area residents, particularly elderly and lower-income persons, need faster and less expensive access to outpatient diagnostic care than they now have. ODCs typically have lower charges than hospitals; and 15 of the 18 ODCs in the service area are 21-30 minutes' drive time from this project in the heart of Antioch.

Not only will the Antioch ODCs charge structure be relatively low, the ODC will contract with all TennCare MCOs as well as Medicare, and it will provide limited charity care.

5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must provide the following data: admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the appropriate measures, e.g., cases, procedures, visits, admissions, etc. This does not apply to projects that are solely relocating a service.

a. The Service Area Meets Regional Needs

The ODCs primary service area (its “PSA”) will be Davidson, Rutherford and Williamson Counties. They contain almost one-fifth (18.7%) of Tennessee’s total population. They are a high-growth area whose population is increasing almost twice as fast as the Statewide population. The proposed Antioch ODC is named for its central location in the Antioch area of southeastern Davidson County, close to I-24. Many parts of the Antioch zip code have a relatively low household income. It has one of the service area’s fastest growing populations.

These three counties constitute the major health services referral area for much of Middle Tennessee. Medical care providers located in these three counties also serve patients from many other counties. For example, in MRI, the HSDA Registry data show that MRI units in these three counties performed 193,771 MRI procedures in 2017 (last reporting year). Of those, 43.6% were for patients living in other counties.

The need for diagnostic imaging capacity in the service area is not based solely on the needs of its residents. Area providers serve a regional patient population, many of whom must drive long distances to reach their facilities. Such patients need rapid access to outpatient diagnostic services.

As of 2017, the three-county PSA contained 65.2 total MRI units. Of these, 62.7 were non-specialty units; and 2.5 were specialty units (which the State Health Plan excludes from the CON inventory when calculating area need).

The State Health Plan defines “optimal capacity” of a non-specialty MRI unit--the point at which an additional non-specialty MRI unit can be added--as 2,880 procedures for a stationary unit and 480 procedures per day for a mobile unit.

In 2017, the 62.7 non-specialty MRI units in the service area averaged 3,046 annual procedures per unit. That was 105.8% of optimal capacity. The “publicly accessible” non-specialty units (hospital, ODC, and mobile units) averaged 106.1% of optimal capacity. All units of all types--specialty and non-specialty, restricted and unrestricted, fixed and mobile--operated at 103.2% of the optimal guideline. See the accompanying tables on the six following pages for a complete break-down of the relevant data.

Table B-Need-5a(1): Current (2017) Utilization of Service Area MRIs				
	Number	Procedures	Procedures Per Unit	% of Optimal Utilization (2,880)
All MRI Units	65.2	193,771	2,972	103.2%
Publicly Accessible Units	51.7	157,921	3,055	106.1%
Private MD Office Units	13.5	35,850	2,656	92.2%
Non-Specialty Units	62.7	190,969	3,046	105.8%
Specialty Units	2.5	2,802	1,121	38.9%

Note: Publicly accessible units are those in hospitals, ODCs, and mobile settings. They do not include units in private physician practices, available only to patients of that practice. Specialty units are restricted to low-volume types of imaging such as breast, arm/leg or multi-position imaging, and are excluded from State Health Plan calculations of the need for general-purpose MRI units.

Table B-Need-5a(2): ALL MRI UNITS--Utilization in the Project's Three-County Primary Service Area 2015-2017

	COUNTY	NO. OF MRI'S (2017)	2015 UTILIZATION	2016 UTILIZATION	2017 UTILIZATION	2017 AVERAGE UTILIZATION PER MRI	% OF MRI OPTIMAL STANDARD (2,880)	2015-2017 ANNUAL GROWTH RATE
Nashville General Hospital	Davidson	1	1,398	1,564	1,610	1,610	55.9%	
One Hundred Oaks Breast Center	Davidson	1	870	934	984	984	34.2%	
St. Thomas Hospital Midtown	Davidson	1	2,825	3,156	3,503	3,503	121.6%	
St. Thomas Hospital West	Davidson	2	4,944	5,962	3,156	1,578	54.8%	
St. Thomas Hospital Rutherford	Rutherford	2	2,572	3,306	2,070	1,035	35.9%	
Tristar Centennial Medical Center	Davidson	4	9,729	9,755	10,470	2,618	90.9%	
Tristar Skyline Medical Center	Davidson	2	8,097	7,155	7,538	3,769	130.9%	
Tristar Southern Hills Medical Center	Davidson	1	2,771	2,930	2,932	2,932	101.8%	
Tristar StoneCrest Medical Center	Rutherford	1	2,896	3,072	2,864	2,864	99.4%	
Tristar Summit Medical Center	Davidson	1	4,363	4,292	4,677	4,677	162.4%	
Vanderbilt University Medical Center	Davidson	6	30,164	30,797	32,772	5,462	189.7%	
Williamson Medical Center	Williamson	1	4,740	4,365	3,561	3,561	123.6%	
HOSPITAL SUBTOTAL		23	75,369	77,288	76,137	3,310	114.9%	1.0%
Cool Springs Imaging	Williamson	1	4,954	4,838	4,395	4,395	152.6%	
Hillsboro Imaging	Davidson	1	4,379	3,905	3,692	3,692	128.2%	
Imaging Center of Murfreesboro (see Note 4)	Rutherford	1	5,244	5,624	5,624	5,624	195.3%	
One Hundred Oaks Imaging (Not Breast Imaging)	Davidson	2	5,623	8,302	8,600	4,300	149.3%	
Outpatient Diagnostic Cntr of Nashville	Davidson	2	5,498	5,260	5,177	2,589	89.9%	
Hughston Clinic Orthopedics at Harding Place	Davidson	2	4,436	5,156	2,054	1,027	35.7%	
Millennium MRI (Specialty Multi-Position)	Davidson	0.5	495	313	303	606	21.0%	
Next Generation Imaging (Specialty Multi-Position)	Davidson	0.5	763	857	618	1,236	42.9%	
Premier Radiology Belle Meade	Davidson	3	5,930	6,930	7,617	2,539	88.2%	
Premier Radiology Brentwood	Davidson	1	2,914	2,517	2,966	2,966	103.0%	
Premier Radiology Cool Springs	Williamson	2	3,768	4,435	5,005	2,503	86.9%	
Premier Radiology Hermitage	Davidson	2	5,162	5,735	6,721	3,361	116.7%	
Premier Radiology Murfreesboro	Rutherford	2	6,480	7,384	7,998	3,999	138.9%	
Premier Radiology Nashville	Davidson	1	1,954	2,165	2,886	2,886	100.2%	
Premier Radiology Smyrna	Rutherford	2	3,614	4,334	4,677	2,339	81.2%	
Premier Radiology St Thomas Midtown	Davidson	2	3,735	4,215	4,550	2,275	79.0%	
Premier Radiology St. Thomas West	Davidson	1	2,568	2,889	3,033	3,033	105.3%	
Specialty MRI (Breast Imaging)	Davidson	0.5	797	799	897	1,794	62.3%	
Tristar Summit Medical Center - ODC	Davidson	1	2,040	1,954	1,773	1,773	61.6%	
Belle Meade Imaging	Davidson	1	3,050	2,699	2,317	2,317	80.5%	
ODC SUBTOTAL		28.5	73,404	80,311	80,903	2,839	98.6%	10.2%
Mobile MRI Services-Briarville (see note 5)	Davidson	0.2	0	696	881	4,405	153.0%	26.6%
MOBILE SUBTOTAL		0.2	0	696	881	4,405	153.0%	26.6%
TOTAL OF PUBLICLY ACCESSIBLE UNITS		51.7	148,773	158,295	157,921	3,055	106.1%	6.1%
Elite Sports Med & Orthopedic Center	Davidson	3	6,437	6,859	8,116	2,705	93.9%	
Heritage Medical Associates-Murphy Avenue (See note 2)	Davidson	0.5	1,595	1,461	1,373	2,746	95.3%	
Murfreesboro Medical Clinic, Garrison Dr.	Rutherford	1	2,770	2,597	2,973	2,973	103.2%	
Nashville Bone & Joint	Davidson	0	1,001	841	0	0	0.0%	
St. Thomas Med. Partners (Howell Allen) (See Note 3)	Davidson	1	4,871	4,871	208	208	7.2%	
Pain Management Group, PC	Davidson	1	1,878	3,680	3,370	3,370	117.0%	
Pain Management Group, Murfreesboro	Rutherford	1	0	0	477	477	16.6%	
Tennessee Oncology, PET Services	Davidson	1	1,542	1,595	1,508	1,508	52.4%	
TN Orthopedic Alliance Imaging (Davidson Co)	Davidson	2	7,564	8,150	8,607	4,304	149.4%	
TN Orthopedic Alliance Imaging (Rutherford Co)	Rutherford	2	4,530	5,601	6,039	3,020	104.8%	
Vanderbilt Bone and Joint	Williamson	1	1,635	2,696	3,179	3,179	110.4%	
SUBTOTAL LIMITED ACCESS MD PRACTICE UNITS		13.5	33,823	38,351	35,850	2,656	92.2%	6.0%
GRAND TOTAL, ALL MRI UNITS		65.2	182,596	196,646	193,771	2,972	103.2%	6.1%

Source: HSDA Registry April 2018.

Notes:

1. Specialty units and data in italics denote units excluded from calculating areawide utilization under State Health Plan MRI Review Criteria.
2. Heritage Medical Associates-Murphy Avenue is a shared MRI unit (0.5 units); the provider using the other 0.5 of that unit is a dedicated breast imaging unit.
3. Due to an acquisition and IS changes, this provider could not report 2016 data so this table estimates it as equal to its 2015 data.
4. This provider could not report 2017 data so this table estimates it as equal to its 2016 data.
5. The mobile MRI serves 1 day / week; its State Health Plan optimal standard is 480 procedures per year, reflected in the calculation of utilization as % of optimal.

**Table B-Need-5a(3): NON-SPECIALTY MRI Utilization in the Project's Three-County Primary Service Area 2015-2017
(For Use in Determining Average Service Area Utilization Under State Health Plan Review Criteria)**

	COUNTY	NO. OF MRI'S (2017)	2015 UTILIZATION	2016 UTILIZATION	2017 UTILIZATION	2017 AVERAGE UTILIZATION PER MRI	% OF MRI OPTIMAL STANDARD (2,880)	2015-2017 ANNUAL GROWTH RATE
Nashville General Hospital	Davidson	1	1,398	1,564	1,610	1,610	55.9%	
St. Thomas Hospital Midtown	Davidson	1	2,825	3,156	3,503	3,503	121.6%	
St. Thomas Hospital West	Davidson	2	4,944	5,962	3,156	1,578	54.8%	
St. Thomas Hospital Rutherford	Rutherford	2	2,572	3,306	2,070	1,035	35.9%	
Tristar Centennial Medical Center	Davidson	4	9,729	9,755	10,470	2,618	90.9%	
Tristar Skyline Medical Center	Davidson	2	8,097	7,155	7,538	3,769	130.9%	
Tristar Southern Hills Medical Center	Davidson	1	2,771	2,930	2,932	2,932	101.8%	
Tristar StoneCrest Medical Center	Rutherford	1	2,896	3,072	2,864	2,864	99.4%	
Tristar Summit Medical Center	Davidson	1	4,363	4,292	4,677	4,677	162.4%	
Vanderbilt University Medical Center	Davidson	6	30,164	30,797	32,772	5,462	189.7%	
Williamson Medical Center	Williamson	1	4,740	4,365	3,561	3,561	123.6%	
HOSPITAL SUBTOTAL		22	74,499	76,354	75,153	3,416	118.6%	0.9%
Cool Springs Imaging	Williamson	1	4,954	4,838	4,395	4,395	152.6%	
Hillsboro Imaging	Davidson	1	4,379	3,905	3,692	3,692	128.2%	
Imaging Center of Murfreesboro (see Note 4)	Rutherford	1	5,244	5,624	5,624	5,624	195.3%	
One Hundred Oaks Imaging (Not Breast Imaging)	Davidson	2	5,623	8,302	8,600	4,300	149.3%	
Outpatient Diagnostic Cntr of Nashville	Davidson	2	5,498	5,260	5,177	2,589	89.9%	
Hughston Clinic Orthopedics at Harding Place	Davidson	2	4,436	5,156	2,054	1,027	35.7%	
Premier Radiology Belle Meade	Davidson	3	5,930	6,930	7,617	2,539	88.2%	
Premier Radiology Brentwood	Davidson	1	2,914	2,517	2,966	2,966	103.0%	
Premier Radiology Cool Springs	Williamson	2	3,768	4,435	5,005	2,503	86.9%	
Premier Radiology Hermitage	Davidson	2	5,162	5,735	6,721	3,361	116.7%	
Premier Radiology Murfreesboro	Rutherford	2	6,480	7,384	7,998	3,999	138.9%	
Premier Radiology Nashville	Davidson	1	1,954	2,165	2,886	2,886	100.2%	
Premier Radiology Smyrna	Rutherford	2	3,614	4,334	4,677	2,339	81.2%	
Premier Radiology St Thomas Midtown	Davidson	2	3,735	4,215	4,550	2,275	79.0%	
Premier Radiology St. Thomas West	Davidson	1	2,568	2,889	3,033	3,033	105.3%	
Tristar Summit Medical Center - ODC	Davidson	1	2,040	1,954	1,773	1,773	61.6%	
Belle Meade Imaging	Davidson	1	3,050	2,699	2,317	2,317	80.5%	
ODC SUBTOTAL		27	71,349	78,342	79,085	2,929	101.7%	10.8%
Mobile MRI Services-Briarville (see note 5)	Davidson	0.2	0	696	881	4,405	153.0%	26.6%
MOBILE SUBTOTAL		0.2	0	696	881	4,405	153.0%	26.6%
TOTAL OF PUBLICLY ACCESSIBLE NON-SPECIALTY UNITS		49.2	145,848	155,392	155,119	3,153	109.5%	6.4%
Elite Sports Med & Orthopedic Center	Davidson	3	6,437	6,859	8,116	2,705	93.9%	
Heritage Medical Associates-Murphy Ave. (See note 2)	Davidson	0.5	1,595	1,461	1,373	2,746	95.3%	
Murfreesboro Medical Clinic, Garrison Dr.	Rutherford	1	2,770	2,597	2,973	2,973	103.2%	
Nashville Bone & Joint	Davidson	0	1,001	841	0	0	0.0%	
St. Thomas Med. Partners (Howell Allen) (See Note 3)	Davidson	1	4,871	4,871	208	208	7.2%	
Pain Management Group, PC	Davidson	1	1,878	3,680	3,370	3,370	117.0%	
Pain Management Group, Murfreesboro	Rutherford	1	0	0	477	477	16.6%	
Tennessee Oncology, PET Services	Davidson	1	1,542	1,595	1,508	1,508	52.4%	
TN Orthopedic Alliance Imaging (Davidson Co)	Davidson	2	7,564	8,150	8,607	4,304	149.4%	
TN Orthopedic Alliance Imaging (Rutherford Co)	Rutherford	2	4,530	5,601	6,039	3,020	104.8%	
Vanderbilt Bone and Joint	Williamson	1	1,635	2,696	3,179	3,179	110.4%	
SUBTOTAL LIMITED ACCESS MD PRACTICE UNITS		13.5	33,823	38,351	35,850	2,656	92.2%	6.0%
GRAND TOTAL, NON-SPECIALTY MRI UNITS		62.7	179,671	193,743	190,969	3,046	105.8%	6.3%

Source: HSDA Registry April 2018.

Notes:

1. As required by the State Health Plan, this table excludes specialty units: 2 multiposition MRI providers (sharing 1 unit), 1 dedicated breast MRI unit, and a 0.5 MRI shared unit used exclusively for breast studies.
2. Heritage Medical Associates-Murphy Avenue is a shared MRI unit (0.5 units); the provider using the other 0.5 of that unit is a dedicated breast MRI provider (see note #1).
3. Due to an acquisition and IS changes, this provider could not report 2016 data so this table estimates it as equal to its 2015 data.
4. This provider could not report 2017 data so this table estimates it as equal to its 2016 data.
5. The mobile MRI serves one day per week in the service area; its State Health Plan optimal standard is 480 procedures per year.

Table B-Need-5a(4): Providers of MRI Services to Primary Service Area Counties, 2017

Provider County	Provider Type	Provider	Year	Resident County	Number of Procedures
Davidson	HOSP	Vanderbilt University Medical Center	2017	Davidson	6,905
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2017	Davidson	4,358
Davidson	ODC	Premier Radiology Hermitage	2017	Davidson	3,855
Davidson	HOSP	TriStar Centennial Medical Center	2017	Davidson	3,657
Davidson	HOSP	TriStar Skyline Medical Center	2017	Davidson	3,649
Davidson	ODC	Premier Radiology Belle Meade	2017	Davidson	3,176
		Other Providers Serving 5% or Less of County Patients			33,771
Total MRI Procedures for Davidson County Residents					59,371
Rutherford	ODC	Premier Radiology Murfreesboro	2017	Rutherford	4,731
Rutherford	PO	Tennessee Orthopaedic Alliance Imaging	2017	Rutherford	3,579
Rutherford	ODC	Premier Radiology Smyrna	2017	Rutherford	3,196
Rutherford	HOSP	TriStar Stonecrest Medical Center	2017	Rutherford	2,162
Rutherford	PO	Murfreesboro Medical Clinic-Garrison Drive	2017	Rutherford	1,974
Davidson	HOSP	Vanderbilt University Medical Center	2017	Rutherford	1,908
Rutherford	HOSP	St. Thomas Rutherford Hospital	2017	Rutherford	1,336
		Other Providers Serving 5% or Less of County Patients			5,550
Total MRI Procedures for Rutherford County Residents					24,436
Williamson	ODC	Premier Radiology Cool Springs	2017	Williamson	2,894
Williamson	ODC	Cool Springs Imaging	2017	Williamson	2,436
Davidson	HOSP	Vanderbilt University Medical Center	2017	Williamson	2,013
Williamson	HOSP	Williamson Medical Center	2017	Williamson	1,985
Williamson	PO	Vanderbilt Bone and Joint	2017	Williamson	1,683
Davidson	PO	Elite Sports Medicine & Orthopaedic Center	2017	Williamson	1,673
		Other Providers Serving 5% or Less of County Patients			7,344
Total MRI Procedures for Williamson County Residents					20,028

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Table B-Need-5a(5): Distances and Drive Times from Project to All MRI Units in the Service Area

All MRI Units Operational in 2017	Address	Zip Code	Miles from Project	Minutes Drive Time From Project
Stationary & Mobile General Purpose MRI Providers--Publicly Accessible				
Hospitals (11)				
Nashville General Hospital	1818 Obion Street, Nashville	37208	16.5	29 min.
St. Thomas Hospital Midtown	2000 Church Street, Nashville	37236	14.2	30 min.
St. Thomas Hospital West	4220 Harding Road, Nashville	37205	15.3	28 min.
St. Thomas Hospital Rutherford	1700 Medical Center Pkwy., Murfreesboro	37129	19.2	22 min.
Tristar Centennial Medical Center	2300 Patterson Street, Nashville	37203	14.6	30 min.
Tristar Skyline Medical Center	3441 Dickerson Pike, Nashville	37207	20.2	30 min.
Tristar Southern Hills Medical Center	391 Wallace Road, Nashville	37211	5.9	14 min.
Tristar StoneCrest Medical Center	200 StoneCrest Blvd., Smyrna	37167	8.1	12 min.
Tristar Summit Medical Center	5655 Frist Boulevard, Hermitage	37076	11.0	23 min.
Vanderbilt University Medical Center	1161 21st Avenue South, Nashville	37232	13.7	26 min.
Williamson Medical Center	4321 Carothers Parkway, Franklin	37068	17.8	32 min.
Outpatient Diagnostic Centers (17) and Mobile Units (1)				
Cool Springs Imaging	2009 Mallory Lane, Franklin	37067	15.4	28 min.
Hillsboro Imaging	1909 Acklen Avenue, Nashville	37212	13.2	24 min.
Imaging Center of Murfreesboro	1001 North Highland Avenue, Murfreesboro	37130	22.7	25 min.
One Hundred Oaks Imaging (Not Breast Imaging)	719 Thompson Ln., Nashville	37214	9.0	18 min.
Outpatient Diagnostic Cntr of Nashville	337 22nd Avenue North, Nashville	37203	14.5	26 min.
Hughston Clinic Orthopedics at Harding Place	394 Harding Place, Nashville	37211	5.5	11 min.
Mobile MRI Services-Briarville (0.2) 1 day per week	1210 Briarville Road, Suite 602F, Madison	37115	19.7	26 min.
Premier Radiology Belle Meade	28 White Bridge Road, Nashville	37205	16.1	27 min.
Premier Radiology Brentwood	789 Old Hickory Drive, Brentwood	37207	8.5	22 min.
Premier Radiology Cool Springs	3310 Aspen Grove Drive, Franklin	37067	15.7	30 min.
Premier Radiology Hermitage	5045 Old Hickory Boulevard, Hermitage	37076	17.8	21 min.
Premier Radiology Murfreesboro	1840 Medical Center Pkwy, Murfreesboro	37129	18.9	22 min.
Premier Radiology Nashville	1800 Charlotte Avenue, Nashville	37203	14.5	24 min.
Premier Radiology Smyrna	741 President Place, Smyrna	37167	7.9	10 min.
Premier Radiology St Thomas Midtown	300 20th Avenue North, Nashville	37203	14.5	24 min.
Premier Radiology St. Thomas West	4230 Harding Road, Nashville	37205	15.4	26 min.
Tristar Summit Medical Center - ODC	5655 Frist Boulevard, Hermitage	37076	11.0	22 min.
Vanderbilt Imaging Belle Meade (Belle Meade Imaging)	4525 Harding Road, Nashville	37205	15.7	27 min.
Stationary General Purpose MRI Providers--Restricted to MD Practices (10)				
Elite Sports Med & Orthopedic Cntr	2004 Hayes Street, Nashville	37203	14.4	25 min.
Heritage Medical Associates-Murphy Ave.	2018 Murphy Avenue, Nashville	37203	14.7	25 min.
Murfreesboro Medical Clinic, Garrison Dr.	1272 Garrison Drive, Murfreesboro	37129	18.8	21 min.
St. Thomas Med. Partners (formerly Howell-Allen)	2214 Elliston Place, Nashville	37203	14.7	25 min.
Pain Management Group, PC	5801 Crossings Boulevard, Antioch	37013	1.2	4 min.
Pain Management Group, Murfreesboro	1547 Warrior Drive, Murfreesboro	37128	20.7	20 min.
Tennessee Oncology, PET Services	2018 Murphy Avenue, Nashville	37203	14.2	26 min.
TN Orthopedic Alliance Imaging--Davidson Co.	8 City Boulevard, Nashville	37209	15.0	27 min.
TN Orthopedic Alliance Imaging--Rutherford Co.	1800 Medical Center Parkway, Murfreesboro	37129	18.9	21 min.
Vanderbilt Bone and Joint	206 Bedford Way, Franklin	37064	18.4	32 min.
Specialty Providers				
One Hundred Oaks Breast Center (1.0)	719 Thompson Lane, Suite 25000, Nashville	37204	10.0	20 min.
Next Generation Imaging (Standup MRI) (0.5)	1718 Charlotte Avenue, Nashville	37203	14.0	26 min.
Specialty MRI (0.5)	2018 Murphy Avenue, Suite 101, Nashville	37203	14.2	27 min.

Source: Google Maps, May 9, 2018

Note: Nashville Bone and Joint 0.5 shared unit was not operational. Data reflected in Tristar Summit Medical Center ODC at same location.

Table B-Need-5a(6): PSA Residents' Utilization of MRI Procedures At Units Within and Outside of the PSA 2017			
Residents of:	Total MRI Procedures at All TN Units	MRI Procedures At Units Within the PSA	MRI Procedures Obtained Outside the PSA
Davidson County	59,371	58,067 (97.8%)	1,304 (2.2%)
Rutherford County	24,436	24,279 (99.4%)	157 (0.6%)
Williamson County	20,028	19,816 (98.9%)	212 (1.1%)
PSA Total	103,835	102,162 (98.4%)	1,673 (1.6%)

Source: HSDA Registry. Data is for all MRI units including specialty units.

b. Projected Utilization of Non-Specialty MRI in the Project Service Area

Reasonably projected, future MRI utilization will continue to increase, at a rate that will allow an additional MRI to enter the service area, without lowering existing MRIs below optimal utilization levels.

From 2015 to 2017, non-specialty MRI procedures increased 6.1%. At a slower market growth rate of at least 2% per year, the applicant projects that in 2021 (Year One of this project), the service area will need to deliver 206,711 procedures. By 2023 (Year Three of this project) the service area will need to deliver 215,062 procedures. Those projections represent an increase of 15,742 and 24,093 procedures, respectively. As shown in the table below, that growth is enough to fill 5 to 8 additional MRI units to optimal capacity.

With conservatively projected market growth, optimal operation of the Antioch MRI will be attained through growth in areawide demand. Existing providers as a group will increase in utilization and will remain above the optimal average areawide utilization target of the State Health Plan. They will not be negatively affected by this project, on average.

Table B-Need-5b: Non-Specialty MRI Utilization in the Service Area							
At 2% Annual Increase							
	Actual 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021-Yr 1	Projected 2022-Yr 2	Projected 2023-Yr 3
At 2% Per Increase After 2017	190,969	194,788	198,684	202,658	206,711	210,845	215,062
Procedure Increase Over 2017					15,742	19,876	24,093
MRIs Needed At 2,880 Per Unit					5	7	8

However, even were there to be no additional growth in demand over the next four years (an implausible scenario for Nashville), this project would still be acceptable under State Health Plan criteria. The State Plan excludes specialty units from its calculation of need for a non-specialty MRI such as the one proposed here. There are now 62.7 non-specialty units averaging 3,046 annual procedures per unit--well above the 2,880-procedure benchmark. If the Antioch MRI is approved, giving the market 63.7 units, the average utilization per unit will be 2,998 procedures per unit ($190,969 / 63.7 = 2,997.9$). That is still well above the 2,880-procedure State Health Plan benchmark.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Table B-Need-6a: Antioch ODC--Utilization Projections By Modality						
	Year 1	%	Year 2	%	Year 3	%
MRI	2,250	23.4%	2,700	23.4%	3,000	23.4%
CT	2,183	22.7%	2,619	22.7%	2,910	22.7%
Other	5,175	53.9%	6,210	53.9%	6,900	53.9%
Total	9,608		11,529		12,810	

Source: Radiology Alliance

MRI Utilization Projection

Radiology Alliance, P.C. will serve as medical staff for the ODC. Radiology Alliance is contracted to provide medical supervision and imaging interpretation for the Imaging Departments of six facilities distributed widely within the primary service area. In 2017, Radiology Alliance radiologists interpreted 30,254 MRI studies at those facilities, which were 15.9% of all non-specialty MRI studies performed by MRI units located in the PSA. Of these, 17,552 (58%) were for residents of the PSA.

By 2023, if those facilities experience the 2% annual increase in MRI procedures that the applicant projects for all the PSA units as a group (see preceding section of this application), Radiology Alliance will interpret 34,071 MRI procedures that year, and the PSA's MRI units in total will perform 215,062 MRI procedures.

Table B-Need-6b: PSA Market Growth and Radiology Alliance MRI Interpretations (2% Annual Increase)							
	Actual 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021-Yr 1	Projected 2022-Yr 2	Projected 2023-Yr 3
Total MRI Procedures Performed in PSA	190,969	194,788	198,684	202,658	206,711	210,845	215,062
Radiology Alliance MRI Interpretations	30,254	30,859	31,476	32,106	32,748	33,403	34,071

The applicant projects that approximately 3,000 MRI studies will be referred to the Antioch ODC in Year Three. That will be only approximately 10% of its current volume of studies at all locations in the primary service area. The projected referrals will occur for several reasons.

First, Radiology Alliance is widely known among referring physicians for its deep expertise in MRI interpretation. Referrals will be made to their new location with complete trust in their quality of interpretation and their responsiveness to the referring physician.

Second, the cost of an MRI at this ODC will be much more economical for both the payor and the patient compared to a hospital alternative. This is particularly important at a time when patient copays are increasing and major payor initiatives are arising to re-direct MRIs into lower-cost settings than the hospital.

Third, the project will be very financially accessible to all payor groups, and very accessible via the interstate network around and within Nashville. It also will offer early evening and Saturday hours for patients who have difficulty coming during routine weekday hours.

Fourth, it will be located in one of the service area's most rapidly growing sectors.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

1.A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee), (See application instructions for Filing Fee.)

The Project Cost Chart has a larger total project cost than the referenced minimum.

1.B. The cost of any lease, The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

At this time the applicant plans to purchase all equipment required for the project.

The first page following the Project Cost Chart shows the fair market value calculations for the project's leased space.

1.C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

Following the Project Cost Chart are two pages of tables.

The first page after the Chart shows calculation of the fair market value of the project, comparing the lease outlay to the market value of the space being leased. The second page after the Chart is a table showing the costs of all the diagnostic modalities, consisting of their purchase price (delivered), sales tax, and service agreements. On the Chart, costs associated with the equipment acquisition are entered in line A.7 and costs associated with the service agreements are entered in line B.5.

PROJECT COST CHART-- ANTIOCH OUTPATIENT DIAGNOSTIC CENTER

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	8%	\$	157,094
2. Legal, Administrative, Consultant Fees (Excl CON Filing Fee)			50,000
3. Acquisition of Site			0
4. Preparation of Site			0
5. Total Construction Cost	6890 SF @ \$285 minus TI		1,963,678
6. Contingency Fund	5%		98,184
7. Fixed Equipment (Not included in Construction Contract)			2,626,858
8. Moveable Equipment (List all equipment over \$50,000 as separate attachment)			5,000
9. Other (Specify)	IS / telecommunications		177,000
	furnishings		10,000

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)	7 yrs lease outlay	1,683,651
2. Building only		0
3. Land only		0
4. Equipment (Specify)		0
5. Other (Specify)	Equipment Service Agreements	1,747,852

C. Financing Costs and Fees:

1. Interim Financing	127,195
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify)	

D. Estimated Project Cost
(A+B+C)

8,646,512

E. CON Filing Fee

49,717

F. Total Estimated Project Cost (D+E)

TOTAL \$ 8,696,230

Actual Capital Cost 5,264,727
 Section B FMV 3,431,503

**ANTIOCH OUTPATIENT DIAGNOSTIC CENTER
COMPARISON OF LEASE OUTLAY VS. FMV OF LEASED SPACE**

LEASE EXPENSE--FIRST TERM (7 Years)						
First Term of Years	Rentable SF	Base Lease Rate-\$PSF	Annual Base Lease Outlay	Pass-through Expenses-\$PSF	Annual PassThrough Expenses	Total Costs for Leased Space
Year 1	7,967	\$18.00	\$143,406.00	10.00	\$79,670.00	\$223,076.00
Year 2	7,967	\$18.45	\$146,991.15	10.25	\$81,661.75	\$228,652.90
Year 3	7,967	\$18.91	\$150,665.93	10.51	\$83,703.29	\$234,369.22
Year 4	7,967	\$19.38	\$154,432.58	10.77	\$85,795.88	\$240,228.45
Year 5	7,967	\$19.87	\$158,293.39	11.04	\$87,940.77	\$246,234.16
Year 6	7,967	\$20.37	\$162,250.73	11.31	\$90,139.29	\$252,390.02
Year 7	7,967	\$20.87	\$166,306.99	11.60	\$92,392.77	\$258,699.77
1st Term Total			\$1,082,346.77		\$601,303.76	\$1,683,650.53

Note: Base lease rate and estimated pass through expenses projected to increase at 2.5% per year.

ODC SPACE--FAIR MARKET VALUE		
ODC RSF	7,967	Lease
Building RSF	40,895	
FPSC % of Building	19.5%	FPSC Space / Building Space
Bldg and Land FMV	\$2,250,000	2013 Appraisal Escalated
ODC Space FMV (19.5%)	\$438,336	FPSC Space % X Bldg and Land Cost

ANTIOCH ODC EQUIPMENT COSTS (Revised on Supplemental Responses)									
MODALITY	EQUIPMENT COST	STATE SALES TAX	COUNTY SALES TAX	TOTAL COST	SERVICE AGREEMENT ANNUAL COST	SERVICE AGREEMENT TERM	SERVICE AGREEMENT PAYMENT TOTAL	COST PLUS SERVICE AGREEMENT OUTLAY	VENDOR
MRI	\$1,026,616	\$77,402	\$23,099	\$1,127,117	\$113,600	6	\$681,600	\$1,808,717	GE
CT	\$595,905	\$40,417	\$13,408	\$649,730	\$90,420	7	\$632,940	\$1,282,670	GE
Ultrasound	\$109,720	\$7,760	\$2,469	\$119,949	\$12,787	7	\$89,509	\$209,458	GE
R&F(x-ray)	\$496,543	\$24,527	\$11,172	\$532,243	\$39,000	6	\$234,000	\$766,243	GE
Bone Density	\$66,500	\$4,735	\$1,496	\$72,731	\$6,643	4	\$26,572	\$99,303	HOLOGIC
TOTALS	\$2,295,285	\$154,841	\$51,644	\$2,501,769	\$262,450		\$1,664,621	\$4,166,390	
5% Increase Potential	\$2,410,049	\$162,583	\$54,226	\$2,626,858	\$275,573		\$1,747,852	\$4,374,710	

Source: Applicant's management.

Notes:

1. SA = Service Agreement annual cost applies in Year Two and thereafter.
2. Year Two Expenses on the Projected Data Chart will include service agreement costs.
3. Totals above will not be exact due to rounding of columns to the nearest dollar.

1.D. Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

The Square Footage Chart has been completed and is consistent with the construction cost on line A.5 of the Project Cost Chart. However, there is no current information on construction cost per quartile for Outpatient Diagnostic Centers in the HSDA database, so that comparison cannot be made on the Square Footage Chart.

1.E. For projects that include new construction, modification, and/or renovation documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

- 1) A general description of the project;**
- 2) An estimate of the cost to construct the project; and**
- 3) A description of the status of the site's suitability for the proposed project;**
- 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.**

See Attachment Section B-Economic Feasibility-1E.

2. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

- ☐ A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D. Grants – Notification of intent form for grant application or notice of grant award;
- ☐ E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☒ F. Other – Identify and document funding from all other sources.

See Attachment Section B-Economic Feasibility-2 for documentation of financing.

MEDNAX, the company that works with the applicant's parent company to provide radiology services across the United States, will fund the project through a cash grant. MEDNAX will sustain the operation financially as needed. Financial support from MEDNAX will be repaid from the project's earnings.

4. Complete Projected Data Charts on the following pages – *Do not modify the Charts provided or submit Chart substitutions!*

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. Only complete one chart if it suffices.

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

The Projected Data Charts for the project’s MRI service, and for the ODC including the MRI, are provided on the following four pages.

3. **Complete the Historical Data Charts on the following pages—Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. Only complete one chart if it suffices. Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.**

This is a proposed facility without an operating history, so this question is not applicable.

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PROJECT ONL

PROJECTED DATA CHART --ANTIOCH ODC (INCLUDING ALL MODALITIES)

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

		Year 2021 (Year One)	Year 2022 (Year Two)	Year 2023 (Year Three)
A.	Utilization Data (Specify unit or measure)			
	Procedures	9,608	11,529	12,810
B.	Revenue from Services to Patients			
1.	Inpatient Services	\$	\$	\$
2.	Outpatient Services	\$ 5,824,151	\$ 6,988,981	\$ 7,765,535
3.	Emergency Services	\$	\$	\$
4.	Other Operating Revenue	\$	\$	\$
	(Specify) See notes page			
	Gross Operating Revenue	\$ 5,824,151	6,988,981	7,765,535
C.	Deductions from Gross Operating Revenue			
1.	Contractual Adjustments	\$ 3,545,091	\$ 4,240,434	\$ 4,696,324
2.	Provision for Charity Care	\$ 18,868	\$ 22,755	\$ 25,410
3.	Provisions for Bad Debt	\$ 252,917	\$ 305,018	\$ 340,603
	Total Deductions	\$ 3,816,876	\$ 4,568,207	\$ 5,062,337
	NET OPERATING REVENUE	\$ 2,007,275	\$ 2,420,774	\$ 2,703,198
D.	Operating Expenses			
1.	Salaries and Wages			
a.	Clinical	\$ 373,197	\$ 384,393	\$ 395,925
b.	Non-Clinical	\$ 207,511	\$ 213,736	\$ 220,148
2.	Physicians Salaries and Wages	\$	\$	\$
3.	Supplies	\$ 108,342	\$ 130,011	\$ 144,456
4.	Rent			
c.	Paid to Affiliates	\$ 196,376	\$ 201,285	\$ 206,317
d.	Paid to Non-Affiliates			
5.	Management Fees			
a.	Paid to Affiliates	\$	\$	\$
b.	Paid to Non-Affiliates	\$	\$	\$
6.	Other Operating Expenses	\$ 1,044,074	\$ 1,201,377	\$ 1,308,705
	(Specify) See notes page			
	Total Operating Expenses	\$ 1,929,500	\$ 2,130,802	\$ 2,275,552
E.	Earnings Before Interest, Taxes, and Depreciation	\$ 77,776	\$ 289,972	\$ 427,646
F.	Non-Operating Expenses			
1.	Taxes	\$ 11,871	\$ 23,886	\$ 33,656
2.	Depreciation	\$ 155,861	\$ 155,861	\$ 155,861
3.	Interest	\$	\$	\$
4.	Other Non-Operating Expenses	\$ 148,000	\$ 149,935	\$ 111,922
	Total Non-Operating Expenses	\$ 315,732	\$ 329,682	\$ 301,439
	NET INCOME (LOSS)	\$ (237,956)	\$ (39,710)	\$ 126,207

Chart Continues Onto Next Page

Supplemental #2

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May 31, 2018

Year 2022

Year 2023

10:10 A.M.

NET INCOME (LOSS)	\$ (237,956)	(39,710)	126,207
G. Other Deductions			
1. Annual Principal Debt Repayment	\$ 0	0	124,945
2. Annual Capital Expenditure			
Total Other Deductions	\$ 0	0	124,945
NET BALANCE	\$ (237,956)	(39,710)	1,262
DEPRECIATION	\$ 155,861	155,861	155,861
FREE CASH FLOW (Net Balance + Depreciation)	\$ (82,095)	116,151	157,123

0

TOTAL FACILITY

X

PROJECT ONLY

PROJECTED DATA CHART – OTHER EXPENSES

OTHER EXPENSES CATEGORIES

(EXAMPLES)

	Year 2021	Year 2022	Year 2023
1. Professional Services Contract	\$ 549,747	662,995	740,344
2. Service Expense	\$ 279,470	279,470	279,470
3. Archive Fees	\$ 34,203	41,043	45,604
4. Billing Fees	\$ 80,291	96,831	108,128
5. Administrative Support Fees	\$ 100,364	121,039	135,160
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
Total Other Expenses	\$ 1,044,074	1,201,377	1,308,705

May 31, 2018

10:10 A.M.

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PROJECT ONL

PROJECTED DATA CHART --ANTIOCH ODC (INCLUDING ALL MODALITIES)

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

		Year 2021 (Year One)	Year 2022 (Year Two)	Year 2023 (Year Three)
A.	Utilization Data (Specify unit or measure)	2,250	2,700	3,000
B.	Revenue from Services to Patients			
1.	Inpatient Services	\$	\$	\$
2.	Outpatient Services	\$ 2,818,889	\$ 3,382,667	\$ 3,758,519
3.	Emergency Services	\$	\$	\$
4.	Other Operating Revenue (Specify) <u>See notes page</u>	\$	\$	\$
	Gross Operating Revenue	\$ 2,818,889	3,382,667	3,758,519
C.	Deductions from Gross Operating Revenue			
1.	Contractual Adjustments	\$ 1,715,824	\$ 2,052,370	\$ 2,273,021
2.	Provision for Charity Care	\$ 9,132	\$ 11,014	\$ 12,298
3.	Provisions for Bad Debt	\$ 122,412	\$ 147,628	\$ 164,852
	Total Deductions	\$ 1,847,368	\$ 2,211,012	\$ 2,450,171
	NET OPERATING REVENUE	\$ 971,521	\$ 1,171,655	\$ 1,308,348
D.	Operating Expenses			
1.	Salaries and Wages			
a.	Clinical	\$ 180,627	\$ 186,046	\$ 191,627
b.	Non-Clinical	\$ 100,435	\$ 103,448	\$ 106,552
2.	Physicians Salaries and Wages	\$ 0	\$ 0	\$ 0
3.	Supplies	\$ 52,438	\$ 62,925	\$ 69,917
4.	Rent			
c.	Paid to Affiliates	\$ 95,046	\$ 97,422	\$ 99,858
d.	Paid to Non-Affiliates			
5.	Management Fees			
a.	Paid to Affiliates	\$	\$	\$
b.	Paid to Non-Affiliates	\$	\$	\$
6.	Other Operating Expenses <u>See notes page</u>	\$ 505,332	\$ 581,467	\$ 633,413
	Total Operating Expenses	\$ 933,878	\$ 1,031,308	\$ 1,101,367
E.	Earnings Before Interest, Taxes, and Depreciation	\$ 37,643	\$ 140,346	\$ 206,981
F.	Non-Operating Expenses			
1.	Taxes	\$ 5,745	\$ 11,561	\$ 16,290
2.	Depreciation	\$ 75,437	\$ 75,437	\$ 75,437
3.	Interest	\$ 0	\$ 0	\$ 0
4.	Other Non-Operating Expenses	\$ 71,632	\$ 72,569	\$ 54,170
	Total Non-Operating Expenses	\$ 152,814	\$ 159,566	\$ 145,897
	NET INCOME (LOSS)	\$ (115,171)	\$ (19,219)	\$ 61,084

Chart Continues Onto Next Page

Supplemental #2

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May 31, 2018

Year 2022

Year 2023

10:10 A.M.

NET INCOME (LOSS)	\$ (115,171)	(19,219)	61,084
G. Other Deductions			
1. Annual Principal Debt Repayment	\$ 0	0	60,473
2. Annual Capital Expenditure			
Total Other Deductions	\$ 0	0	60,473
NET BALANCE	\$ (115,171)	(19,219)	611
DEPRECIATION	\$ 75,437	75,437	75,437
FREE CASH FLOW (Net Balance + Depreciation)	\$ (39,734)	56,217	76,047

0

X

TOTAL FACILITY
PROJECT ONLY

PROJECTED DATA CHART -- OTHER EXPENSES

OTHER EXPENSES CATEGORIES

(EXAMPLES)

	Year 2021	Year 2022	Year 2023
1. Professional Services Contract	\$ 266,077	320,889	358,326
2. Service Expense	\$ 135,263	135,263	135,263
3. Archive Fees	\$ 16,554	19,865	22,072
4. Billing Fees	\$ 38,861	46,866	52,334
5. Administrative Support Fees	\$ 48,576	58,583	65,417
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
Total Other Expenses	\$ 505,332	581,467	633,413

5.A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

MRI Only	Project Previous Year	Project Current Year	Project Year One	Project Year Two	% Change (Current Yr to Yr2)
Gross Charge (Gross Operating Revenue/Utilization Data)	NA	NA	\$1253	\$1253	none
Deduction from Revenue (Total Deductions/Utilization Data)	NA	NA	\$821	\$819	none
Average Net Charge (Net Operating Revenue/Utilization Data)	NA	NA	\$432	\$434	none

ODC Including MRI	Project Previous Year	Project Current Year	Project Year One	Project Year Two	% Change (Current Yr to Yr2)
Gross Charge (Gross Operating Revenue/Utilization Data)	NA	NA	\$606	\$606	none
Deduction from Revenue (Total Deductions/Utilization Data)	NA	NA	\$397	\$396	-.025%
Average Net Charge (Net Operating Revenue/Utilization Data)	NA	NA	\$209	\$210	+0.5%

B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

This is a proposed facility without an existing charge structure that could be impacted. The revenues projected for the facility are shown in the preceding Projected Data Charts.

C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

The following two pages provide CY2016 average gross charges reported to the HSDA Registry by MRI and CT providers in the three-county service area. The applicant's projected CY2021 average gross charges in CY2021 are \$1,253 for MRI and \$956 for CT. The applicant's MRI charge is in the first quartile of area charges in this table.

The third following page provides the projected average charges and the current Medicare reimbursement for the MRI and CT procedures expected to be most frequently performed at this ODC.

Table Economic Feasibility-5-C(1): Service Area Health Care Providers that Utilize MRI--2017

County	Provider Type	Provider	Year	Total Procedures	Total Gross Charges	Average Charge Per Procedure
Davidson	HODC	TriStar Summit Medical Center - ODC	2017	1,773	\$12,378,041	\$6,981
Davidson	HOSP	Nashville General Hospital	2017	1,610	\$5,509,014	\$3,422
Davidson	HOSP	St. Thomas Midtown Hospital	2017	3,503	\$15,067,661	\$4,301
Rutherford	HOSP	St. Thomas Rutherford Hospital	2017	2,070	\$9,275,107	\$4,481
Davidson	HOSP	St. Thomas West Hospital	2017	3,156	\$13,574,976	\$4,301
Davidson	HOSP	TriStar Centennial Medical Center	2017	10,470	\$67,587,426	\$6,455
Davidson	HOSP	TriStar Skyline Medical Center	2017	7,538	\$54,632,842	\$7,248
Davidson	HOSP	TriStar Southern Hills Medical Center	2017	2,932	\$16,031,417	\$5,468
Rutherford	HOSP	TriStar Stonecrest Medical Center	2017	2,864	\$10,262,963	\$3,583
Davidson	HOSP	TriStar Summit Medical Center	2017	4,677	\$32,026,503	\$6,848
Davidson	HOSP	Vanderbilt University Medical Center	2017	32,772	\$143,098,790	\$4,366
Williamson	HOSP	Williamson Medical Center	2017	3,561	\$9,558,502	\$2,684
Davidson	ODC	Hughston Clinic Orthopaedics at Harding Place	2017	2,054	\$2,942,383	\$1,433
Davidson	ODC	Outpatient Diagnostic Center of Nashville	2017	5,177	\$7,043,593	\$1,361
Davidson	ODC	Premier Radiology Belle Meade	2017	7,617	\$15,937,172	\$2,092
Davidson	ODC	Premier Radiology Brentwood	2017	2,966	\$3,757,861	\$1,267
Williamson	ODC	Premier Radiology Cool Springs	2017	5,005	\$10,621,020	\$2,122
Davidson	ODC	Premier Radiology Hermitage	2017	6,721	\$13,782,972	\$2,051
Davidson	ODC	Premier Radiology Midtown	2017	4,550	\$11,246,098	\$2,472
Rutherford	ODC	Premier Radiology Murfreesboro	2017	7,998	\$17,209,692	\$2,152
Davidson	ODC	Premier Radiology Nashville	2017	2,886	\$5,888,200	\$2,040
Rutherford	ODC	Premier Radiology Smyrna	2017	4,677	\$9,569,013	\$2,046
Davidson	ODC	Premier Radiology St. Thomas West	2017	3,033	\$7,393,247	\$2,438
Davidson	ODC	Specialty MRI	2017	897	\$1,676,603	\$1,869
Davidson	PO	Elite Sports Medicine & Orthopaedic Center	2017	8,116	\$11,466,980	\$1,413
Davidson	PO	Heritage Medical Associates-Murphy Avenue	2017	1,373	\$1,162,945	\$847
Rutherford	PO	Murfreesboro Medical Clinic-Garrison Drive	2017	2,973	\$4,233,938	\$1,424
Davidson	PO	St. Thomas Medical Partners - Howell Allen Imaging Office	2017	208	\$141,540	\$680
Davidson	PO	Tennessee Oncology, PET Services	2017	1,508	\$1,274,685	\$845
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2017	8,607	\$13,144,630	\$1,527
Rutherford	PO	Tennessee Orthopaedic Alliance Imaging	2017	6,039	\$9,264,968	\$1,534
Williamson	PO	Vanderbilt Bone and Joint	2017	3,179	\$4,337,317	\$1,364
		GROUP AVERAGE, ALL PROVIDERS REPORTING MRI CHARGES		162,510	\$541,098,099	\$3,330
		Antioch ODC Projected Charge, CY2021	2021			\$1,253

Medical Equipment Registry - 4/19/2018

Table Economic Feasibility-5-C(2): Service Area Health Care Providers that Utilize CT Scanners--2017

County	Provider Type	Provider	Year	Total Procedures	Total Gross Charges	Avg Charge Per Procedure
Williamson	H-Imaging	Williamson Medical Center Outpatient Imaging	2017	4,301	\$8,910,581	\$2,072
Davidson	HODC	TriStar Summit Medical Center - ODC	2017	1,656	\$8,841,664	\$5,339
Davidson	HOSP	Nashville General Hospital	2017	11,114	\$24,050,589	\$2,164
Davidson	HOSP	St. Thomas Midtown Hospital	2017	17,698	\$59,114,185	\$3,340
Rutherford	HOSP	St. Thomas Rutherford Hospital	2017	16,096	\$53,540,789	\$3,326
Davidson	HOSP	St. Thomas West Hospital	2017	13,030	\$42,435,263	\$3,257
Davidson	HOSP	TriStar Centennial Medical Center	2017	36,019	\$243,710,038	\$6,766
Davidson	HOSP	TriStar Skyline Medical Center	2017	43,926	\$267,199,211	\$6,083
Davidson	HOSP	TriStar Southern Hills Medical Center	2017	18,208	\$103,178,156	\$5,667
Rutherford	HOSP	TriStar Stonecrest Medical Center	2017	22,983	\$82,067,546	\$3,571
Davidson	HOSP	TriStar Summit Medical Center	2017	33,383	\$213,859,581	\$6,406
Davidson	HOSP	Vanderbilt University Medical Center	2017	105,463	\$326,129,117	\$3,092
Williamson	HOSP	Williamson Medical Center	2017	20,324	\$41,307,679	\$2,032
Davidson	ODC	Imaging Alliance - Nashville PET, LLC	2017	8,605	\$7,256,205	\$843
Davidson	ODC	Outpatient Diagnostic Center of Nashville	2017	2,530	\$2,461,231	\$973
Davidson	ODC	Premier Radiology Belle Meade	2017	5,277	\$5,498,563	\$1,042
Davidson	ODC	Premier Radiology Brentwood	2017	2,497	\$2,330,353	\$933
Williamson	ODC	Premier Radiology Cool Springs	2017	3,210	\$2,505,071	\$780
Davidson	ODC	Premier Radiology Hermitage	2017	2,554	\$2,739,141	\$1,072
Davidson	ODC	Premier Radiology Midtown	2017	4,089	\$4,737,566	\$1,159
Rutherford	ODC	Premier Radiology Murfreesboro	2017	7,182	\$7,601,658	\$1,058
Davidson	ODC	Premier Radiology Nashville	2017	3,381	\$3,563,884	\$1,054
Rutherford	ODC	Premier Radiology Smyrna	2017	2,591	\$2,650,551	\$1,023
Davidson	ODC	Premier Radiology St. Thomas West	2017	8,456	\$9,887,831	\$1,169
Rutherford	ODC	Tennessee PET Scan Center	2017	8,385	\$7,055,970	\$841
Williamson	PO	Franklin CT	2017	1,994	\$615,050	\$308
Davidson	PO	Heritage Medical Associates	2017	2,422	\$985,653	\$407
Rutherford	PO	Murfreesboro Medical Clinic-Garrison Drive	2017	4,826	\$2,936,011	\$608
Davidson	PO	Premier Radiology Briarville	2017	1,863	\$1,784,581	\$958
Davidson	PO	St. Thomas Medical Partners - Howell Allen Imaging Office	2017	256	\$81,639	\$319
Davidson	PO	Surgical Clinic, PLLC	2017	918	\$781,522	\$851
Davidson	PO	Tennessee Oncology, PET Services	2017	10,088	\$8,498,159	\$842
Davidson	PO	Tennessee Orthopaedic Alliance Imaging	2017	926	\$447,614	\$483
Davidson	PO	Urology Associates, PC (Davidson)	2017	2,318	\$1,279,586	\$552
		GROUP AVERAGE, ALL PROVIDERS REPORTING CT CHARGES		428,569	\$1,550,042,238	\$3,617
		Antioch ODC Projected Charge, CY2021				\$956

Medical Equipment Registry - 5/2/2018

Table Economic Feasibility-5-C(3):Antioch Outpatient Diagnostic Center Projected Charge Data for Most Frequently Performed Procedures					
MODALITY: MRI					
CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
70553	MRI BRAIN W/ STEM W&WO CONT	\$ 353.52	\$ 1,590.84	\$ 1,590.84	\$ 1,590.84
70551	MRI BRAIN INCLUDING STEM	\$ 216.38	\$ 973.71	\$ 973.71	\$ 973.71
72148	MRI SPINE LUMBAR	\$ 210.54	\$ 947.43	\$ 947.43	\$ 947.43
73721	MRI JOINT LWR EXT W/O CONTRAST	\$ 221.75	\$ 997.88	\$ 997.88	\$ 997.88
72141	MRI SPINE CERVICAL	\$ 210.54	\$ 947.43	\$ 947.43	\$ 947.43
73221	MRI UPPER EXT. ONE JOINT	\$ 221.75	\$ 997.88	\$ 997.88	\$ 997.88
70544	MRA HEAD W/O CONTRAST	\$ 304.06	\$ 1,368.27	\$ 1,368.27	\$ 1,368.27
72158	MRI SPINE LUMBAR W&W/OUT CONT.	\$ 354.82	\$ 1,596.69	\$ 1,596.69	\$ 1,596.69
72146	MRI SPINE THORACIC	\$ 210.86	\$ 948.87	\$ 948.87	\$ 948.87
72156	MRI SPINE CERV. W&W/OUT CONT.	\$ 355.47	\$ 1,599.62	\$ 1,599.62	\$ 1,599.62
MODALITY: CT					
CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
70450	CT SCAN BRAIN W/O CONTRAST	\$ 108.61	\$ 488.75	\$ 488.75	\$ 488.75
74177	CT ABD & PELV W/CONTRAST	\$ 291.08	\$ 1,309.86	\$ 1,309.86	\$ 1,309.86
74176	CT ABD & PELV W/O CONTRAST	\$ 188.95	\$ 850.28	\$ 850.28	\$ 850.28
72125	CT CERV SPINE WO CONTRAST	\$ 172.18	\$ 774.81	\$ 774.81	\$ 774.81
71275	CT ANG CHEST W/WO CONTRST	\$ 280.25	\$ 1,261.13	\$ 1,261.13	\$ 1,261.13
71260	CT THORAX W/CONTRAST	\$ 183.68	\$ 826.56	\$ 826.56	\$ 826.56
71250	CT THORAX WO CONTRAST	\$ 152.58	\$ 686.61	\$ 686.61	\$ 686.61
70486	CT MAXILLOFACIAL W/O CONTRAST	\$ 130.02	\$ 585.09	\$ 585.09	\$ 585.09
72131	CT LUMBAR SPINE W/O CONTRAST	\$ 167.72	\$ 754.74	\$ 754.74	\$ 754.74
70496	CT ANGIOGRPHY HEADW/WO CONTRAST	\$ 273.51	\$ 1,230.80	\$ 1,230.80	\$ 1,230.80

6.A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved.

As indicated on the second page of the ODC Projected Data Chart, the project will have a positive cash flow in Year Two and thereafter.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project.

Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. NOTE: Publicly held entities only need to reference their SEC filings.

See Attachment Section B-Economic Feasibility-6A.

6.B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

ODC	2nd Yr Previous to Current Yr	1st Yr Previous to Current Yr	Current Yr	Projected Yr 1	Projected Yr 2	Projected Yr 3
Net Operating Margin Ratio	NA	NA	NA	.039	.120	.158

MRI ONLY	2nd Yr Previous to Current Yr	1st Yr Previous to Current Yr	Current Yr	Projected Yr 1	Projected Yr 2	Projected Yr 3
Net Operating Margin Ratio	NA	NA	NA	.039	.120	.158

6.C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business’s permanent (Long-term) financing mix. This ratio best measures a business’s true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity’s audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

MEDNAX 2017

Long-term debt: \$ 740,923,000

Net Assets: \$5,867,278,000

Total: \$6,608,201,000

Long-term debt / (Long-term Debt + Net Assets) = Capitalization Ratio

$(\$740,923,000 / \$6,608,201,000) \times 100 = 11.21$ Capitalization Ratio

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1		
Payor Source	Projected Gross Operating Revenue	As a Percent of Total Revenue
Medicare/Medicare Managed Care	\$1,231,125	21.1%
TennCare/Medicaid	\$606,144	10.4%
Commercial/Other Managed Care	\$3,794,600	65.2%
Self-Pay	\$77,783	1.3%
Charity Care	\$18,868	0.3%
Other	\$95,631	1.6%
Total	\$5,824,151	100%

The applicant will treat Medicare and TennCare patients (all area MCOs), as well as medically underinsured patients. Charity care will be budgeted.

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTE) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

See the staffing table on the following page.

Table Economic Feasibility-8: Antioch Outpatient Diagnostic Center
Projected Staffing

Position Classification	Existing FTEs	Projected FTEs (Yr 1)	Average Wage (Contractual Rate)	Statewide Mean Wage
A. Direct Patient Care Positions				
CT Tech		1.00	\$82,929	\$57,720
MRI Tech		1.00	\$81,840	\$57,720
Ultrasound Tech		1.00	\$87,648	NA
X-Ray Tech		1.00	\$75,240	\$50,770
Total Direct Patient Care Positions		4.00		
B. Non-Patient Care Positions				
Site Manager		1.00	\$89,500	NA
Receptionist		1.00	\$40,491	NA
Insurance Verifier/Precept		1.00	\$40,904	NA
Total Non-Patient Care Positions		3.00		
Total Employees (A + B)		7.00		
C. Contractual Staff (temp techs))				
Total Staff (A+B+C)		0.50	\$40,000	
		7.50		

Source: Applicant's management.

9. Describe all alternatives to this project that were considered and discuss the advantages and disadvantages of each alternative, including but not limited to:

A. Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

HSDA Registry data and the State Health Plan support the need for additional MRI capacity in the primary service area. The placement of the next MRI in the Antioch area of southeastern Davidson County is the most effective way to meet these areawide needs because it is an area of large and growing population, with a lower income than many other sectors of the service area. It has limited access to MRIs in area facilities because they are very highly utilized on average.

B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

The applicant is leasing space in an existing building, thus avoiding new construction costs.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as transfer agreements or contractual agreements for health services.

The applicant intends to request emergency transfer agreements with area hospitals, including but not limited to TriStar Southern Hills Medical Center and TriStar StoneCrest Medical Center.

2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

2.A. Positive Effects

The State Health Plan evaluation criteria indicate that throughout the three-county service area, and also within the core zip codes of this project, additional MRI capacity is already needed. Existing MRI units are being utilized on average well above 100% of State Health Plan Guidelines, and growth in demand for MRI has been exceptionally strong in recent years.

Placement of the ODC within the Antioch zip code of 37013 will be that community's first such local resource, which will benefit consumers not only in terms of drive time accessibility but also in terms of financial accessibility to a relatively low-cost diagnostic imaging provider. This will be an area of more than 100,000 persons--a population larger than the majority of Tennessee counties--and it is growing rapidly. More than 15% of Davidson County's population will reside in this zip code within four years. It needs additional options for efficient, high-quality outpatient diagnostic procedures.

2.B. Negative Effects

The applicant projects providing 3,000 MRI scans in its third year of operation (CY2023). As shown in Table Need-5d in an earlier section of this application, by CY2023 there will be a conservatively projected three-county demand for 32,619 MRI procedures more than in CY2018. This applicant projects providing only 3,000 of those additional new procedures--leaving more than 29,000 new procedures to be shared by 60 existing providers. Based on rapid historical growth in areawide demand, the applicant does not believe that this ODC will negatively impact currently existing MRI providers as a group.

3.A. Discuss the availability of an accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies such as the Joint Commission and the Commission on Accreditation of Rehabilitation Facilities.

Only seven new FTEs need be recruited in Year One. These FTEs primarily consist of imaging techs and the applicant is confident that they can be recruited quickly. The applicant's medical staff, Radiology Alliance, provides imaging services at multiple area hospitals and is familiar with local health professional programs, with the clinical requirements of imaging departments, and with requirements of the licensing and accrediting agencies necessary to ensure high quality of care.

3.B. Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The applicant so verifies.

3.C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Training and rotations of students in healthcare occupations is not currently contemplated in this very small facility.

4. Identify the type of licensure and certification requirements applicable and verify that the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

The applicant will seek licensure, certification, and accreditation as follows:

Licensure: Board for Licensing Health Care Facilities, Tennessee Department of Health

Certification: CMS Medicare, Medicaid, TDH TennCare

Accreditation : American College of Radiology (MRI)

4.A. If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

Not applicable.

4.B. For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected, by providing a letter from the appropriate agency.

Not applicable. The applicant is a new entity without ownership in any other facility.

4.C. Document and explain inspections within the past three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23- ore 90-day termination proceedings from Medicare or Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

(1) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

Not applicable.

5. Respond to all of the following and for such occurrences, identify, explain, and provide documentation:

A. Has any of the following:

(1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

(2) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

(3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%...

B. Been subjected to any of the following:

- (1) Final Order or Judgment in a State licensure action;**
- (2) Criminal fines in cases involving a Federal or State health care offense;**
- (3) Civil monetary penalties in cases involving a Federal or State health care offense;**
- (4) Administrative monetary penalties in cases involving a Federal or State health care offense;**
- (5) Agreement to pay civil or monetary penalties to the Federal government or any State in cases involving claims related to the provision of health care items and services; and/or**
- (6) Suspension or termination of participation in Medicare or Medicaid/TennCare programs;**
- (7) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware;**
- (8) Is presently subject to a corporate integrity agreement.**

The applicant has identified one incident of paying a civil “penalty” in the past several years although this was not in reality a penalty imposed by OIG.

In 2016 a Radiology Alliance coding supervisor identified instances where her staff had inadvertently over-billed Medicare on physicians’ billing numbers, for some services provided in fact by nurse practitioners and physician assistants working under those physicians’ supervision.

This error was self-reported by Radiology Alliance to the OIG, along with a proffered repayment that Radiology Alliance calculated as the exact amount of overpayment by Medicare.

OIG immediately accepted this self-reported offer as a full resolution of a debt, without even comments or a site visit. While this is classified as a “penalty” in OIG web references, it was not discovered or imposed by OIG; it was done solely at Radiology Alliance’s initiative.

6. Outstanding Projects:

- a. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and
- b. Provide a brief description of the current progress, and status of each applicable outstanding CON.

Outstanding Projects					
			Annual Progress Report*		
CON Number	Project Name	Date Approved	Due Date	Date Filed	Expiration Date
CN					
Status:					

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

Not applicable. The applicant has no outstanding Certificates of Need.

7. Equipment Registry -- For the applicant and all entities in common ownership with the applicant.

a. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography Scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

American Radiology Holdings, Inc. has recently acquired Specialty MRI, an ODC in Nashville that formerly belonged to Radiology Alliance, P.C.

b. If yes, have you submitted their registration to HSDA? If you have, what was the date of the submission?

Yes.

c. If yes, have you submitted their utilization to HSDA? If you have, what was the date of the submission?

Facility	Date of HSDA Registration	Date of Last Utilization Submittal
Specialty MRI	original - 8/3/05 most recent - 3/13/18	3/14/18

QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency, concerning continued need and appropriate quality measures as determined by the Agency pertaining to the Certificate of Need, if approved.

The applicant so verifies.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

The project exceeds all applicable standards and criteria in the State Health Plan, pertaining to MRI and to Outpatient Diagnostic Centers.

2. People in Tennessee should have access to health care and the conditions to achieve optimal health.

The ODC will be very accessible to the residents of its service area. It will be contracted to Medicare, to all area TennCare MCOs, and to most of the area's many commercial insurance plans.

3. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

The proposed ODC will extend needed resources into a populous and rapidly growing sector of the service area, which at present does not have an ODC option as accessible as the one that is proposed here. This project is an opportunity for the State Health Plan to be applied to encourage competition in these types of outpatient services.

4. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

This facility will be licensed by the State of Tennessee, certified for participation in both Medicare and Medicaid/TennCare and accredited for its MRI by the American College of Radiology.

5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

The project will create a small number of additional health professional jobs, thus having a positive impact on the size and quality of the area's workforce.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

See Attachment "Proof of Publication".

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the member(s) of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.**

The applicant requests a three-year period of validity, for an opening on or before January 1, 2021. The project will require the demolition and removal of a very large bank vault from a previous tenant, and that will require an unusual amount of time to accomplish without hurting the remaining building structure. The applicant does not anticipate needing more than 30 months to implement the project; however, 36 months are requested to provide ample time for addressing unforeseen conditions of the building and site.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Initial HSDA Decision Date	0	8 / 2018
1. Architectural & engineering contract signed	90	11 / 2018
2. Construction documents approved by TDH	180	2 / 2019
3. Construction contract signed	240	4 / 2019
4. Building permit secured	300	6 / 2019
5. Site preparation completed	360	8 / 2019
6. Building construction commenced	390	9 / 2019
7. Construction 40% complete	510	1 / 2020
8. Construction 80% complete	630	5 / 2020
9. Construction 100% complete	750	8 / 2020
10. * Issuance of license	810	10 / 2020
11. *Initiation of service	825	10 / 2020
12. Final architectural certification of payment	885	12 / 2020
13. Final Project Report Form (HF0055)	915	01 / 2021

*** For projects that DO NOT involve construction or renovation: please complete items 11-12 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

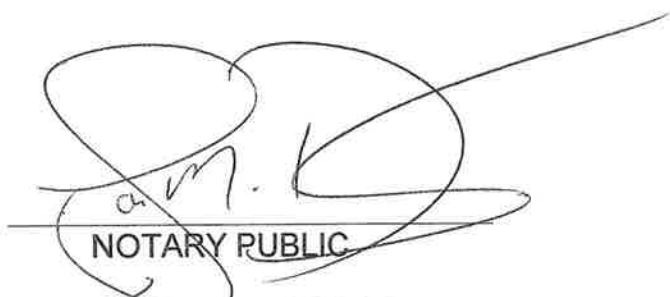
AFFIDAVITSTATE OF TENNESSEECOUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.


SIGNATURE/TITLE
CONSULTANT

Sworn to and subscribed before me this 15th day of May, 2018 a Notary
(Month) (Year)

Public in and for the County/State of DAVIDSON


NOTARY PUBLIC

My commission expires July 2, 2018.
(Month/Day) (Year)



INDEX OF ATTACHMENTS

Section A

A-4A	Legal Status and Ownership Structure of Applicant
A-6A	Site Control Documentation
A-6B(1)a-d	Plot Plan
A-6B(2)	Floor Plan
A-6B(3)	Bus Line Schedule
A-13B	Major Medical Equipment Quotes or Leases
A-13F	FDA Approval Letter

Section B

B-Need-3	Service Area Map
B-Need-State Health Plan-6E	Medical Director Qualifications
B-Economic Feasibility-1E	Documentation of Construction Cost Estimate
B-Economic Feasibility-2	Documentation of Funding/Financing Availability
B-Economic Feasibility-6A	Applicant's Financial Statements
B-Orderly Development -4B	TDH and ACR Surveys, Findings and Corrections

Other Attachments

Miscellaneous Information	Proof of Publication Emergency Response Procedures
Support Letters	TriStar HCA Letter of Intent

A-6B(1)a-d

Plot Plan

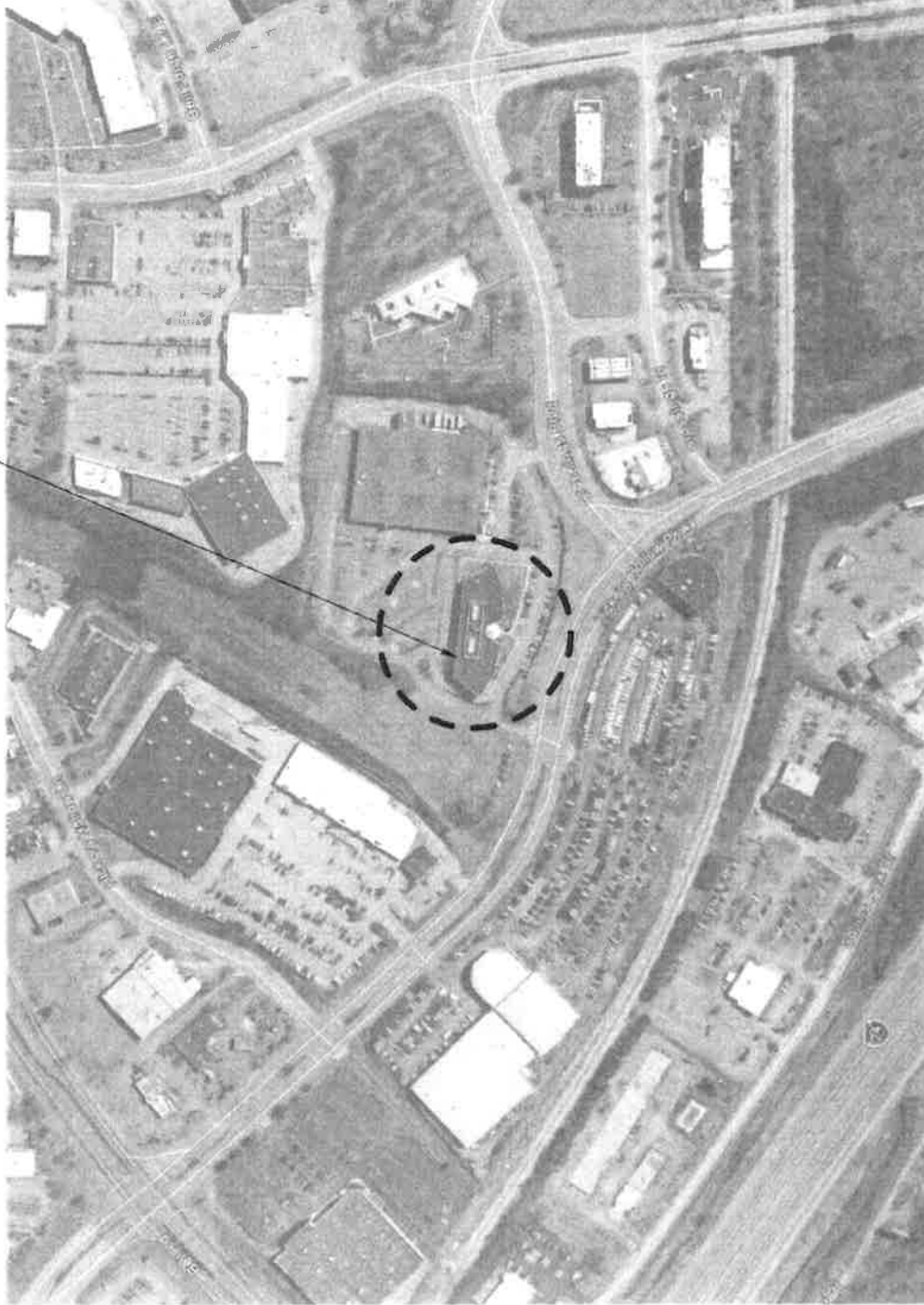
SITE & PROJECT INFO:

PARCEL ID: 16300037800
ADDRESS: 5380 HICKORY HOLLOW PARKWAY
ANTIOCH, TN 37013
ZONING: OV-AIR
ACREAGE: 5.1 ACRES

PROPOSED CONSTRUCTION:

NEW CONSTRUCTION: 0 SF
RENOVATION: 6,890 SF
TOTAL AREA: 6,890 SF

**5380 HICKORY
HOLLOW PARKWAY**



LOCATION MAP

1" = 400'-0"

HFR DESIGN

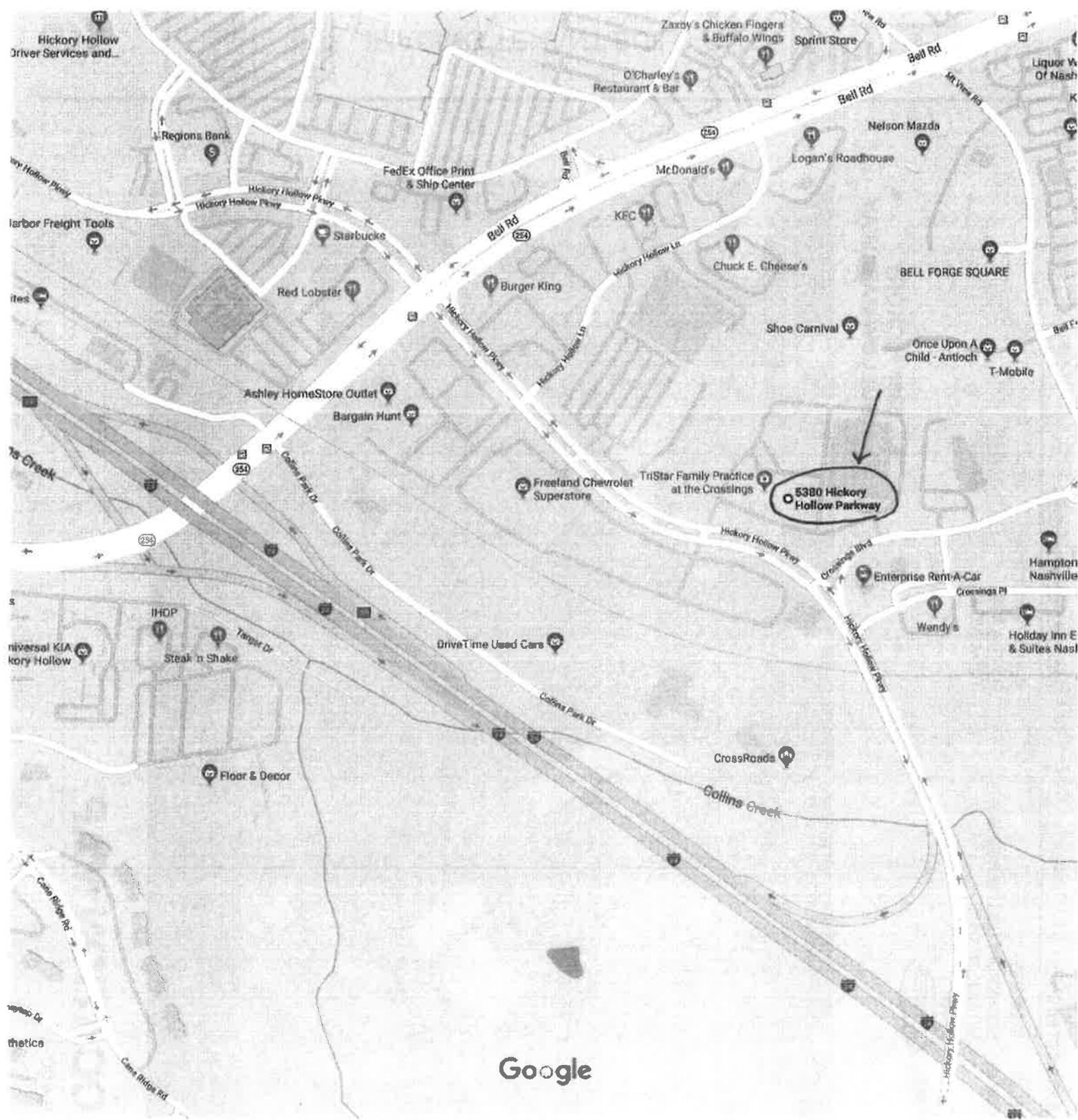
214 CenterView Drive Suite 300 Brentwood,
TN 37027
P 615.370.8500
F 615.370.8530
hfrdesign.com

IMAGING TENANT BUILD-OUT
RADIOLOGY ALLIANCE
5380 HICKORY HOLLOW PARKWAY
ANTIOCH, TN 37013
103

HFR PROJECT NO.: 2016128
DATE: NOVEMBER 17, 2016
PM REVIEWER:
QC REVIEWER:

**LOCATION
MAP**

G02



Map data ©2018 Google 200 ft

DELAYS
Moderate traffic in this area

A-6B(2)

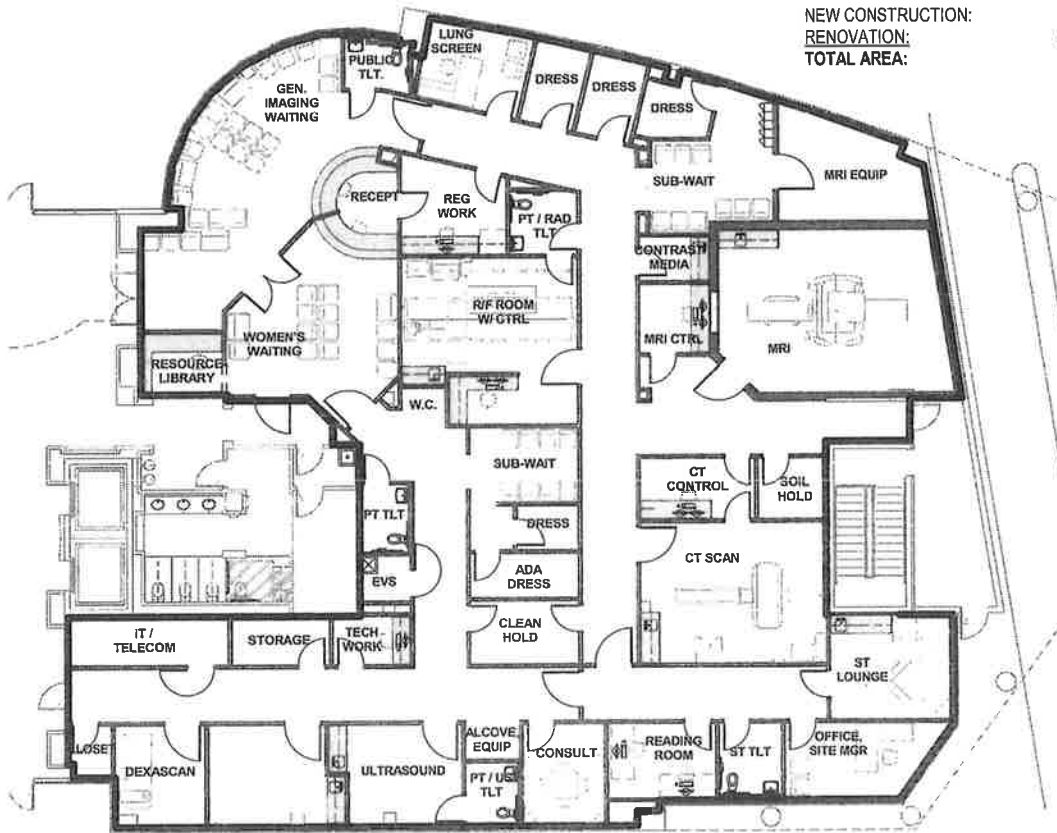
Floor Plans

PROJECT DESCRIPTION:

MAJOR RENOVATION TO CREATE AN
OUTPATIENT IMAGING SUITE WITHIN AN
EXISTING OFFICE BUILDING

AREA SUMMARY:

NEW CONSTRUCTION: 0 SF
RENOVATION: 6,890 SF
TOTAL AREA: 6,890 SF

**FLOOR PLAN**

1/16" = 1'-0"

HFR DESIGN

214 Centerville Drive Suite 300 Brentwood,
TN 37027
p 615.370.8500
f 615.370.8530
hfrdesign.com

IMAGING TENANT BUILD-OUT
5380 HICKORY HOLLOW PARKWAY
ANTIOCH, TN 37013

HFR PROJECT NO.: 2016128
DATE: FEBRUARY 27, 2017
PM REVIEWER:
QC REVIEWER:

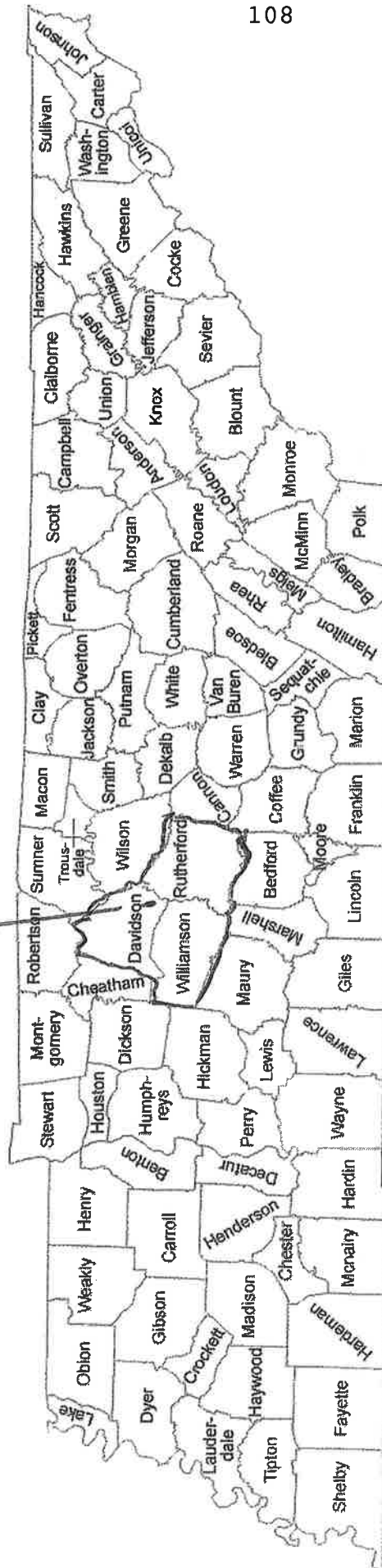
FLOOR PLAN

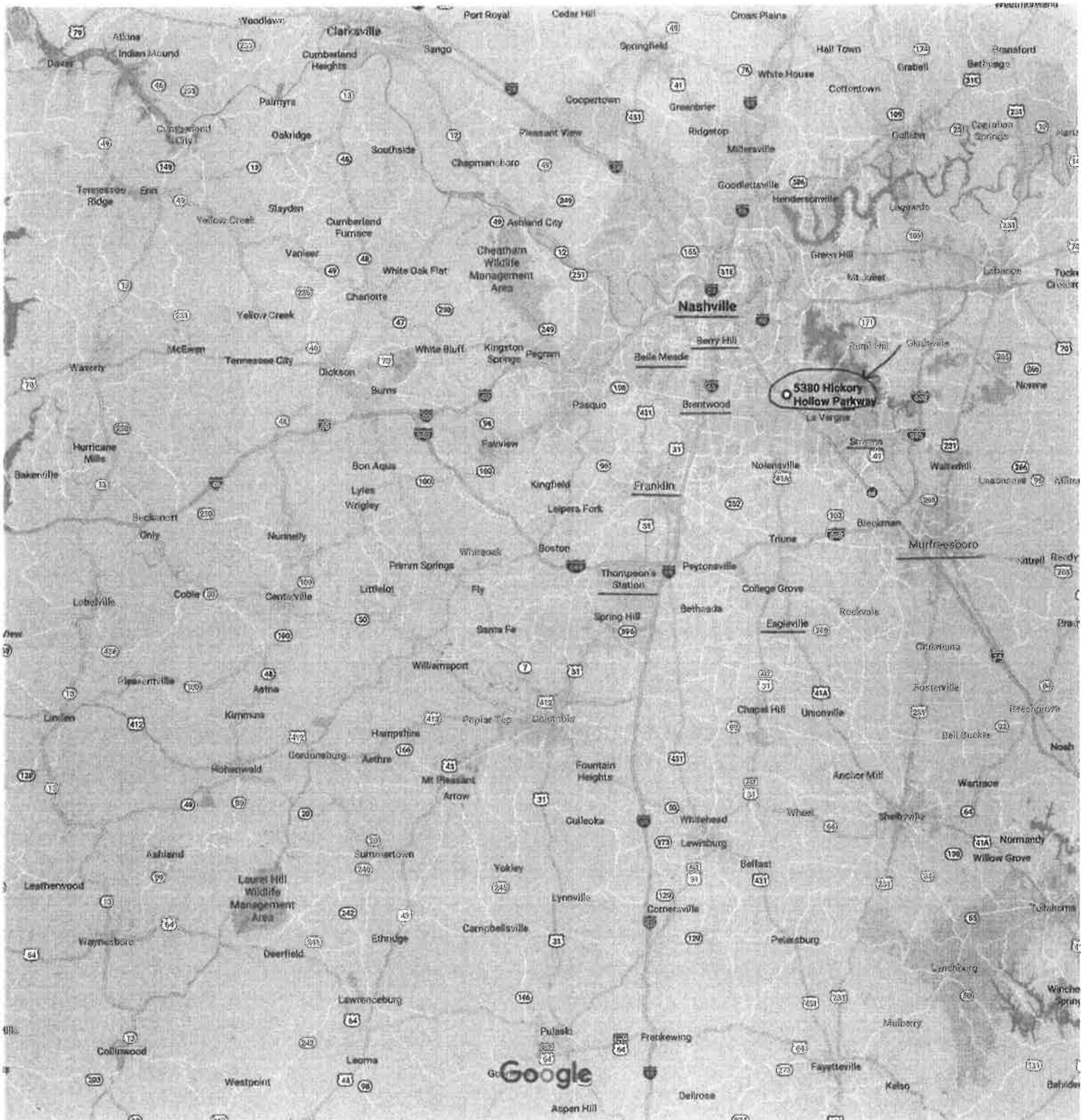
G01

B-Need-3
Service Area Map

ANTIOCH OUTPATIENT DIAGNOSTIC CENTER

PRIMARY SERVICE AREA

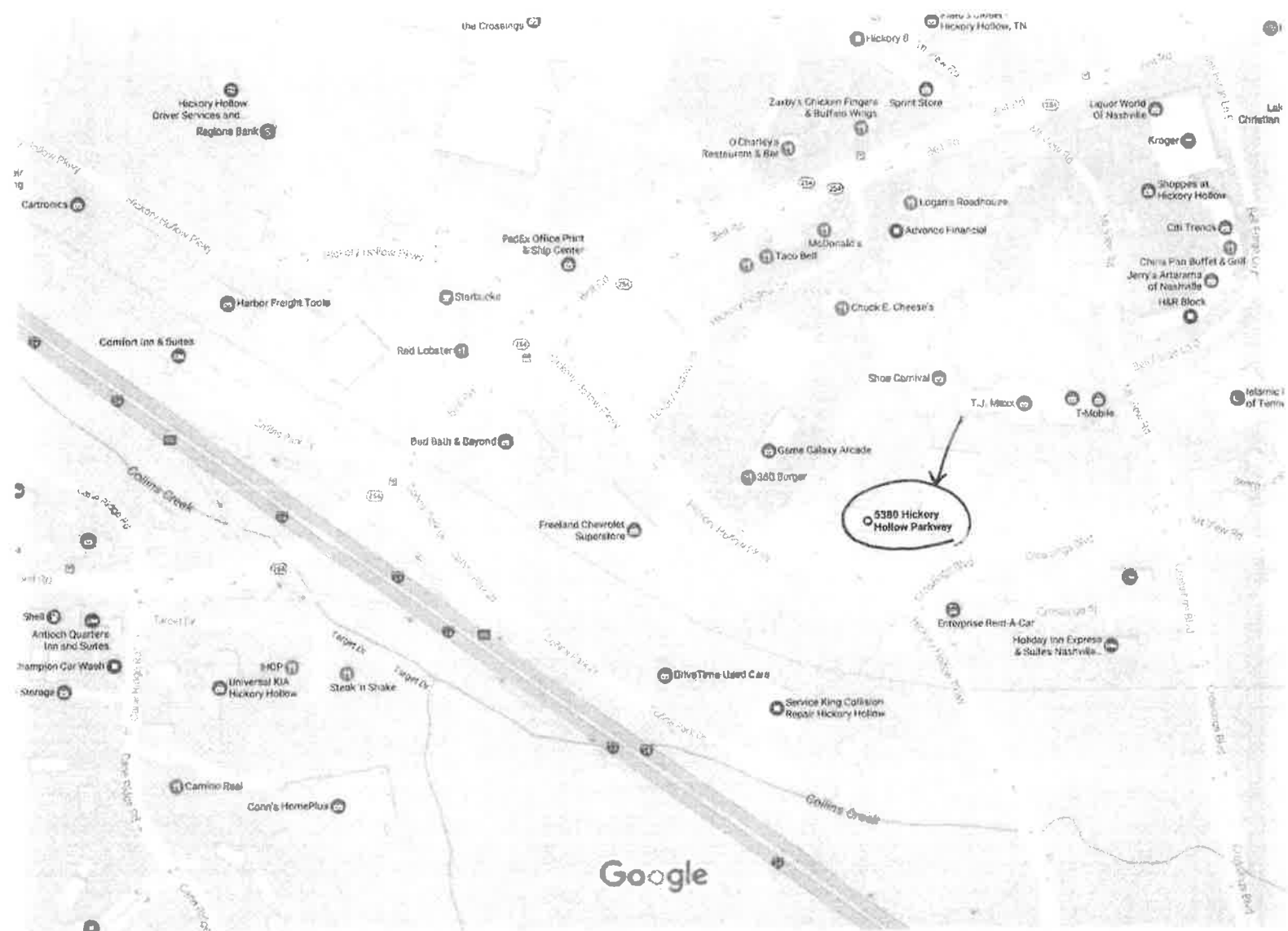




Map data ©2018 Google 5 mi

DELAYS

Light traffic in this area



B-Need-State Health Plan-6E
Medical Director Qualifications

Proposed Medical Director for Antioch ODC
J. Philip Moyers, MD, Radiology Alliance P.C.

Specialties

Diagnostic Radiology

Nuclear Medicine

Oncology Imaging

Dr. Moyers completed a double major with Highest Distinction at Indiana University College of Arts and Sciences in 1987, with a Bachelor of Science in Mathematics and a Bachelor of Arts in English Literature. He completed his diagnostic radiology residency program in 1995 at Vanderbilt University School of Medicine and a fellowship program in nuclear medicine in 1996 at the Mallinckrodt Institute of Radiology in St. Louis, Missouri. He was board certified by the American College of Radiology in 1995. Dr. Moyers has authored many journal articles and abstracts. He has special interests in interventional radiology and oncology imaging and performs nuclear therapy. He has served as the lead physician in the imaging department of Centennial Medical Center, and was the chair of Radiology Alliance's Quality Improvement Committee from 2013-2017. Outside of work, Dr. Moyers is an avid proponent of Hot Yoga and he sponsors students in the Mercy Ministries program.



The American Board of Radiology

Organized through the composition of the
 American College of Radiology, the American Roentgen Ray Society,
 the American Radium Society, the Radiological Society of North America,
 the Section on Radiology of the American Medical Association,
 the American Society for Therapeutic Radiology and Oncology, the Association of
 University Radiologists, and American Association of Physicians in Medicine

Thereby certifies that

John Philip Rogers, M.D.

Has pursued an accepted course of graduate study
 and clinical work, has met certain standards and qualifications and
 has passed the examinations conducted under the authority of

The American Board of Radiology

On this seventh day of June, 1935

Thereby demonstrating to the satisfaction of the Board
 that he is qualified to practice the specialty of

Diagnostic Radiology



William H. Rogers, M.D. *William H. Rogers, M.D.* *W. H. Rogers, M.D.*

B-Economic Feasibility-1E

Documentation of Construction Cost Estimate

HFR DESIGN

214 Centerview Dr.
Suite 300
Brentwood, TN 37027
615-370-8500
hfrdesign.com

January 25, 2018

Kirk Hintz, CEO
Radiology Alliance
210 25th Avenue North, Suite 602
Nashville, TN 37203
(615) 312-0125

**RE: Certificate of Need Application
Outpatient Imaging Center**

To Whom It May Concern:

The project consists of major renovation in an existing medical office building to create an approximately 6,890 SF outpatient imaging center. Based on historical cost data of similar projects, we believe a reasonable total construction cost estimate for this project is \$1,963,678.25.

Additionally, this project will be designed and built to conform with all applicable codes referenced below.

- **State of TN Department of Health Code Requirements:**
 - 2012 International Building Code (IBC)
 - 2012 LSC - NFPA – 101 Life Safety Code
 - 2012 International Fire Code (IFC)
 - 2012 International Plumbing Code (IPC)
 - 2012 International Mechanical Code (IMC)
 - 2009 International Energy Conservation Code (IECC)
 - 2011 National Electric Code (NEC)
 - 2012 International Fuel Gas Code
 - 1999 North Carolina Accessibility Code with 2004 Amendments
 - 2010 ADA Americans with Disabilities Act Accessibility Guidelines
 - 2010 FGI (formally AIA) Guidelines for Design and Construction of Hospital and Health Care Facilities.
- **City of Nashville, TN Code Requirements:**
 - 2012 International Building Code (IBC) with local amendments
 - 2012 International Energy Conservation Code (IECC)
 - 2011 National Electrical Code (NEC) with local amendments
 - 2012 International Plumbing Code (IPC) with local amendments
 - 2012 International Mechanical Code (IMC) with local amendments
 - 2012 International Fuel Gas Code with local amendments
 - 2009 ANSI/A117.1 Accessible and Usable Buildings and Facilities
 - 2012 LSC - NFPA – 101 Life Safety Code
 - 2012 International Fire Code with local Amendments

Should you have any questions or require further information, please do not hesitate to contact our office.

Sincerely,



Martin L. Franks
Senior Vice President

pc: John Wellborn, Principal – Development Support Group
File

B-Economic Feasibility--2

Documentation of Funding/Financing Availability



1301 Concord Terrace
Sunrise, FL 33323
800.243.3839
www.mednax.com

May 14, 2018

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Antioch Outpatient Diagnostic Center

Dear Ms. Hill:

Tennessee Imaging Services, LLC, is filing an application to establish a licensed Outpatient Diagnostic Center with MRI and related imaging services, in southeastern Davidson County in Antioch, TN.

The estimated total capital expenditure needed to implement this project is approximately \$5,312,400. As the Senior VP/Chief Accounting Officer of MEDNAX, Inc. I am writing to confirm that we are prepared to fund and sustain this endeavor as described in the application. Our most recent financial statements are provided in the application.

Sincerely,

John Pepia
SVP & Chief Accounting Officer
MEDNAX, Inc.

Supplemental #1 (Copy)

Antioch Outpatient
Diagnostic Center

CN1805-020

May 24, 2018

Phillip M. Earhart, HSD Examiner
 Jeff Grimm, HSD Examiner
 Tennessee Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243

RE: CON Application CM1805-020
 Antioch Outpatient Diagnostic Center With MRI

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section A, Applicant Profile, Item 1 (Name of Facility)

a. It is noted the applicant will be located in Suite 101 at 5380 Hickory Hollow Parkway. However, the lease notes the suites as 101 and 111, while the Letter of Intent state suites 101-11. Please clarify which suites the applicant will actually occupy.

Response: Suites 101 and 111 are adjoining spaces that will be merged into the ODC, whose address is expected to be Suite 101 when completed. The letter of intent's "101-11" was a style inserted by legal counsel, which means both suites 101 and 111.

b. It is noted TriStar Medical Group Family Practice at the Crossings is located at Suite 100, 5380 Hickory Hollow Parkway. Please clarify if the applicant will be sharing any services, staff, or space.

Response: The ODC will not share services, staff, or space with the TriStar Medical Group Family Practice.

Page Two
May 24, 2018

2. Section A, Executive Summary, Overview (1) (Description)

a. Please clarify the relationship between Radiology Alliance and TriStar Health Systems. In your response, please provide any locations where the radiology practice staffs TriStar related entities.

Response: TriStar Health System operates ten acute care hospitals in Middle Tennessee and Kentucky, and their related satellite emergency rooms. Six of these hospitals are within this project's 3-county primary service area. Radiology Alliance staffs the Imaging Departments of all TriStar facilities in Middle Tennessee and Kentucky. Their locations are:

TriStar Ashland City Medical
Center
313 North Main Street
Ashland City, TN 37015

TriStar Centennial Medical
Center
2300 Patterson Street
Nashville, TN 37203

TriStar Centennial Emergency
Room at Spring Hill
3001 Reserve Blvd.
Spring Hill, TN 37174

TriStar Greenview Reg'l Hosp.
1801 Ashley Circle
Bowling Green, KY 42104

TriStar Hendersonville Medical
Center
355 New Shackle Island Road
Hendersonville, TN 37075

TriStar Portland ER
105 Redbud Drive
Portland, TN 37148

Horizon Medical Center
111 Highway 70 East
Dickson, TN 37055

TriStar Natchez ER
109 Natchez Park Drive
Dickson, TN 37055

TriStar Skyline Medical Center
3441 Dickerson Pike
Nashville, TN 37207

TriStar Southern Hills Medical
Center
391 Wallace Road
Nashville, TN 37211

TriStar StoneCrest Medical
Center
200 StoneCrest Blvd.
Smyrna, TN 37167

TriStar Summit Medical Center
5655 Frist Boulevard
Hermitage, TN 37076

Page Three
May 24, 2018

b. Please clarify if the proposed MRI will primarily serve adults or children.

Response: The MRI will serve both adults and children as clinically appropriate. However, it is expected that the great majority of patients referred to this MRI will be adults.

3. Section A, Executive Summary, Overview (2) (Ownership Structure)

a. It is noted American Radiology Holdings, P.C. is wholly owned by Dr. Curtis Pickert, MD. However, it appears the Tennessee medical license for Dr. Curtis Pickert expired December 31, 1987. Please clarify.

Response: Dr. Pickert is licensed to practice medicine in the state of Nevada. Per Ten. Code. §48-101-610(a)(2)(a), individuals who are authorized by law in Tennessee *or another state* to render a professional service are permitted to own shares of a Tennessee professional corporation.

c. Please indicate the date MEDNAX acquired Radiology Alliance and Infinity Management.

Response: American Radiology Holdings, P.C. is the owner of Radiology Alliance, P.C. Mednax Services, Inc. is the owner of Infinity Management, LLC. Both Radiology Alliance, P.C. and Infinity Management, LLC were acquired on January 2, 2017.

c. Please describe the relationship between each of the following entities: TIS, ARH, Dr. Curtis Pickert, Infinity Management, MEDNAX, HCA, and Radiology alliance.

Response:

Please see the precise description of these entities and their relationships on pages 7, 8, and 9 of the application, as set forth by legal counsel for the applicant. Another way to describe their relationships is as follows:

Response:

Please see the precise description of these entities and their relationships on pages 7, 8, and 9 of the application, as set forth by legal counsel for the applicant. We have also depicted the structure in the attached Organizational Chart. Another way to describe their relationships is as follows:

Page Four
May 24, 2018

- Tennessee Imaging Services, LLC is a new entity created to apply for this CON and to hold the ODC's license. It is wholly owned by American Radiology Holdings, P.C., which is a professional corporation. American Radiology Holdings, P.C. is wholly owned by Dr. Curtis Pickert.
- Radiology Alliance, P.C. is a wholly owned subsidiary of American Radiology Holdings, P.C. but retains its own Tax ID. Radiology Alliance, P.C. will have a professional services agreement with Tennessee Imaging Services, LLC to interpret studies, and provide medical leadership for the ODC.
- Radiology Alliance, P.C. currently has a professional services contract with TriStar, an HCA hospital, to interpret studies, and provide medical leadership for TriStar hospitals and satellite Emergency Rooms in the Nashville Metro Area, as well as Bowling Green, KY. This ODC project does not change that relationship.
- Mednax Services, Inc. is a wholly owned subsidiary of Mednax, Inc., a leading provider of physician and practice support services with more than 4,000 affiliated physicians through the United States. MEDNAX will fund the development of the ODC as described on page 51 of the project. Its role will be as a lender, similar to that of a commercial bank. MEDNAX has documented its ability and commitment to do this, by the customary CON practice of providing a funding commitment letter and its own audited financial statements.
- Infinity Management, LLC, is an existing Tennessee company that has long provided to Radiology Alliance, P.C. a variety of administrative support services such as billing/collections, IT services, physician credentialing, and accounting. As mentioned above, Infinity Management, LLC is a wholly owned subsidiary of Mednax Services, Inc. Infinity Management will provide the same types of administrative support services to the Antioch ODC that it has been providing to Radiology Alliance, P.C. for many years. Those services are labeled in the Other Expense category of the Projected Data Chart as "billing fees" and "Administrative Support Fees".
- HCA (via their local division, TriStar) has entered into a letter of intent with the Tennessee Imaging Services, LLC (included in the application), stating they will have the option to acquire up to 75% of the ODC owner, TIS LLC. The application makes it clear that this is a potential participation by TriStar--at this time TriStar has no ownership interest in the project.

Page Five
May 24, 2018

4. Section A, Executive Summary, Overview (4.A) (Facility Owner)

a. Please clarify the reason Tennessee Imaging Services, LLC's address is listed in care of (c/o) Infinity Management 210 25th Avenue North, Suite 602, while there appears to be no common ownership between the two entities.

Response: Infinity Management, LLC will be providing administrative support services to Tennessee Imaging Services, LLC pursuant to an Administrative Support Services Agreement. Tennessee Imaging Services, LLC, the new CON applicant, has no staff of its own, and this application is being completed by Infinity Management, LLC on their behalf. The TIS mailing address for now is the same as Infinity Management's address on 25th Avenue North.

5. Section A, Executive Summary, Overview (4.B) (Type of Ownership)

Please clarify the significance of an expired Department of Health license for Specialty MRI included in the application.

Response: This was a clerical error; the current Specialty MRI license is attached following this page.

6. Section A, Executive Summary, Overview (6.A) (Legal Interest)

a. Please provide a copy of the property deed that documents Freeland Realty 4, LLC has control of the property be located at 5380 Hickory Hollow Parkway, Suite 101, Antioch (Davidson County), TN.

Response: The deed to this site is attached at the end of this support letter. Freeland Realty has authority to execute leases of this building.

b. The lease dated July 15, 2016 between Freeland Realty 4, LLC and Radiology Alliance, PC is noted. There is no lease or sublease involving the applicant. Please clarify the relationship between Radiology Alliance P.C. and the applicant.

Response: The lease permits subleases. The lessee Radiology Alliance P.C. has executed a sublease of the project space to Tennessee Imaging Services, LLC, the CON applicant. The sublease is conditioned on the project receiving CON approval. A copy is attached at the end of this letter after the property deed.

Board for Licensing Health Care Facilities



State of Tennessee

License No. QBC00000000025

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to
SPECIALTY MRI LLC *to conduct and maintain*

an Outpatient Diagnostic Center SPECIALTY MRI LLC

Located at 2018 MURPHY AVENUE, SUITE 101, NASHVILLE

County of DAVIDSON, *Tennessee.*

This license shall expire JULY 20, 2018, *and is subject*
to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,
and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the
laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State this 10TH *day of* JULY, 2017.
In the Specialty(ies) of: MRI



By Vincent J. Davis, MPH

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By [Signature] *COMMISSIONER*

Page Six
May 24, 2018

c. Please clarify the reason the lease was executed almost two years ago prior to the submission of this application. What entity has occupied the space from July 15, 2016 to the current date?

Response: The ODC space has been vacant. The lease was executed almost two years ago because application for this ODC was then considered imminent. However, it was delayed by the acquisition events described in the application, and by subsequent review of the project by Radiology Alliance's new parent company.

d. The Exhibit CTO lease is noted. However, please clarify why this exhibit is needed and the reason it is not signed and executed.

Response: That is Exhibit C, to the lease (the letters were run together). Its reason for inclusion is explained in item #15 on pages 13-14 of the lease. Exhibit C is the general form the parties agree to execute if and only if, in the future, a mortgage is taken on the building that requires subordination of the lease.

7. Section A, Executive Summary, Overview (6.B) (Plot Plan)

Please describe the proposed building, i.e. parking, floors, tenants, etc.

Response: The building is a two-story facility with two entries, and approximately 145 parking spaces. The building has two elevators to comply with the American with Disabilities Act, and has public restroom facilities. It currently has active tenants for a general family medical practice, and Seven Springs Orthopedics, as well as a simulation learning center for HCA's TriStar Division. The proposed ODC will be on the first floor, to the immediate left of the building's main entrance.

8. Section A, Executive Summary, Overview (13) (MRI)

a. The MRI equipment quotes located in Attachment Section A.13.B is noted. However, the documents appear to be expired. If needed, please provide current active documents.

Response: New quotes with appropriate expiration dates are attached after this page.



GE Healthcare

126

Supplemental #1

May 25, 2018

12:21 P.M.

Version #:

Q-Exp-Date:

05-25-2018

PR8-C81351

12

08-21-2018

Issued By:

GE Healthcare
FEIN: 14-0689340

Customer Address:

Radiology Alliance
210 25th Ave N Ste 602
Nashville TN 37203-1631

Attention:

Ms. Luginia Hill
210 25th Ave N Ste 602 Nashville
TN 37220

The terms of the Master Purchasing Agreement, Strategic Alliance Agreement or GPO Agreement referenced below as the Governing Agreement shall govern this Quotation. No additional or different terms shall apply unless agreed to in writing by authorized representatives of both parties.

Governing Agreement:

Novation - Vizient Supply LLC

Customer Number:

1-25Q3XC

Terms of Delivery:

FOB Destination

Billing Terms:

80% delivery / 20% Installation

Payment Terms:

NET 30

Total Quote Net Selling Price:

\$1,026,616.14

MRI

Sales And Use Tax Status:

No Exemption Certificate on File

** The following ship to states do not impose a sales/use tax (AK, DE, MT, NH, OR). No exemption certificate required.

INDICATE FORM OF PAYMENT:

If "GE HEF Loan" or "GE HEF Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Equipment Finance (GE HEF) to fund this arrangement after shipment.

☐ Cash/Third Party Loan/Check

☐ GE HEF Loan

☐ GE HEF Lease

☐ Third Party Lease (please identify financing company) _____

By signing below, each party certifies that it has not made any handwritten modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

Each party has caused this agreement to be executed by its duly authorized representative as of the date set forth below.

CUSTOMER

Authorized Customer Signature _____ Date _____

Print Name _____ Print Title _____

Purchase Order Number (if applicable) _____

GE HEALTHCARE

Gary Young

05-25-2018

Signature _____

Date _____

Vaso Healthcare - Authorized Manufacturer Rep

Email: GaryYoung@ge.com

Office: +1 615 202 6373

Mobile: 615-202-6373

1/21



GE Healthcare

127

Supplemental #1

May 25, 2018

Quote #: 12:21 P.M.
Version #:

Q-Exp-Date:

05-25-2018

PR8-C81351

12

08-21-2018

Total Quote Selling Price

\$1,026,616.14

Trade-In and Other Credits

\$0.00

Total Quote Net Selling Price

\$1,026,616.14

To Accept this Quotation

Please sign and return this Quotation together with your Purchase Order To:

Gary Young

Office: +1 615 202 6373

Mobile: 615-202-6373

Email: GaryYoung@ge.com

Payment Instructions

Please **Remit** Payment for invoices associated with this quotation to:

GE Healthcare

P.O. Box 96483

Chicago, IL 60693

To Accept This Quotation

- Please sign the quote and any included attachments (where requested).
- If requested, please indicate, your form of payment.
- If you include the purchase order, please make sure it references the following information
 - The correct Quote number and version number above
 - The correct Remit To information as indicated in "Payment Instructions" above
 - The correct SHIP TO site name and address
 - The correct BILL TO site name and address
 - The correct Total Quote Net Selling Price as indicated above

"Upon submission of a purchase order in response to this quotation, GE Healthcare requests the following to evidence agreement to contract terms.

Signature page on quote filled out with signature and P.O. number.

*****OR*****

Verbiage on the purchase order must state one of the following: (i) Per the terms of Quotation # _____; (ii) Per the terms of GPO# _____; (iii) Per the terms of MPA # _____; or (iv) Per the terms of SAA # _____. Include the applicable quote/agreement number with the reference on the purchase order.

In addition, source of funds (choice of: Cash/Third Party Loan or GE HEF Lease or GE HEF Loan or Third Party Lease through _____), must be indicated, which may be done on the quote signature page (for signed quotes), on the purchase order (where quotes are not signed) or via a separate written source of funds statement (if provided by GE Healthcare)."

2/21



GE Healthcare

128

Supplemental #1

May 25, 2018

05-25-2018

Quote #:
12:21 P.M.

PR8-C81351

Version #:

12

Q-Exp-Date:

08-21-2018

Qty	Catalog No.	Description
-----	-------------	-------------

1		SIGNA Voyager 1.5T
---	--	---------------------------

1	S7525VE	SIGNA™ Voyager 1.5T MR System
---	---------	-------------------------------

The SIGNA™ Voyager 1.5T MR system is designed with pioneering technology to maximize your productivity and ROI while delivering unmatched patient comfort, uncompromised clinical performance and streamlined workflow. The Voyager configuration includes the system electronics, operating software, imaging software, post-processing software and RF coil suite:

- RF Receive Technology
- RF Coil Suite
- Ultra-High Efficiency Gradient System
- ADT Quiet Technology
- Computing Platform & DICOM
- Comfort Plus Patient Table
- SIGNA™Flow and READYView Workflow
- SIGNA™Works Applications Toolkit

Total Digital Imaging: The SIGNA™ Voyager Total Digital Imaging RF architecture delivers pioneering technology that generates images with greater clarity and up to 25% increased SNR. TDI has three fundamental components:

- Direct Digital Interface (DDI) employs an independent analog-to-digital converter to digitize inputs from each of 33 RF channels. Every input is captured and every signal digitized to deliver high quality 1.5T images.
- Digital Surround Technology (DST) delivers the capability to simultaneously acquire MR signal from the integrated body coil and the surface coil. By combining the digital signal from surface coil elements with the signal from the integrated RF body coil, the superior SNR and sensitivity of the high-density surface coils are combined with the superior homogeneity and deeper signal penetration of the integrated RF Body Coil. This results in richer, higher quality spine and body images.

TDI Coil Suite: The Total Digital Imaging Suite of coils is designed to enhance patient comfort and image quality while simplifying workflow. The Coil Package includes:

- Integrated T/R Body Coil
- TDI Posterior Array
- TDI Head Neck Unit
- Anterior Array

The TDI Posterior Array is the first coil to include the Digital Micro Switch. The Integrated

4/21



GE Healthcare

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Supplemental #1

May 25, 2018

05-25-2018

Quote #: 12:21 P.M.
Version #:

PR15-C6144

17

Q-Exp-Date:

08-21-2018

Issued By:
GE Healthcare
FEIN: 14-0689340

Customer Address:
Radiology Alliance
210 25th Ave N Ste 602
Nashville TN 37203-1631

Attention:
Ms. Luginia Hill
210 25th Ave N Ste 602 Nashville
TN 37220

This Agreement (as defined below) is by and between the Customer and the GE Healthcare business ("GE Healthcare"), each as identified herein. "Agreement" is defined as this Quotation and the terms and conditions set forth in either (i) the Governing Agreement identified below or (ii) if no Governing Agreement is identified, the following documents:

1) This Quotation that identifies the Product offerings purchased or licensed by Customer;

2) The following documents, as applicable, if attached to this Quotation: (i) GE Healthcare Warranty(ies); (ii) GE Healthcare Additional Terms and Conditions; (iii) GE Healthcare Product Terms and Conditions; and (iv) GE Healthcare General Terms and Conditions. In the event of conflict among the foregoing items, the order of precedence is as listed above.

This Quotation is subject to withdrawal by GE Healthcare at any time before acceptance. Customer accepts by signing and returning this Quotation or by otherwise providing evidence of acceptance satisfactory to GE Healthcare. Upon acceptance, this Quotation and the related terms and conditions listed above (or the Governing Agreement, if any) shall constitute the complete and final agreement of the parties relating to the Products identified in this Quotation.

No agreement or understanding, oral or written, in any way purporting to modify this Agreement, whether contained in Customer's purchase order or shipping release forms, or elsewhere, shall be binding unless hereafter agreed to in writing by authorized representatives of both parties.

Governing Agreement:

Novation - Vizient Supply LLC Group Buy

Customer Number:

1-25Q3XC

Terms of Delivery:

FOB Destination

Billing Terms:

80% delivery / 20% Installation

Payment Terms:

NET 30

Total Quote Net Selling Price:

\$595,905.35

Sales And Use Tax Status:

No Exemption Certificate on File

** The following ship to states do not impose a sales/use tax (AK, DE, MT, NH, OR). No exemption certificate required.

INDICATE FORM OF PAYMENT:

If "GE HEF Loan" or "GE HEF Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Equipment Finance (GE HEF) to fund this arrangement after shipment.

☐ Cash/Third Party Loan/Check

☐ GE HEF Loan

☐ GE HEF Lease

☐ Third Party Lease (please identify financing company) _____

By signing below, each party certifies that it (i) has received a complete copy of this Quotation, including the GE Healthcare terms, conditions and warranties, and (ii) has not made any handwritten or electronic modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

Each party has caused this agreement to be executed by its duly authorized representative as of the date set forth below.

CUSTOMER

Authorized Customer Signature Date

Print Name Print Title

Purchase Order Number (if applicable)

GE HEALTHCARE

Gary Young

05-25-2018

Signature

Date

Vaso Healthcare - Authorized Manufacturer Rep

Email: GaryYoung@ge.com

Office: +1 615 202 6373

Mobile: 615-202-6373



GE Healthcare

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Supplemental #1

May 25, 2018

Quote #: 12:21 P.M.
Version #: 17

Q-Exp-Date:

05-25-2018

PR15-C6144

17

08-21-2018

Total Quote Selling Price

\$595,905.35

Trade-In and Other Credits

\$0.00

Total Quote Net Selling Price

\$595,905.35

To Accept this Quotation

Please sign and return this Quotation together with your Purchase Order To:

Gary Young

Office: +1 615 202 6373

Mobile: 615-202-6373

Email: GaryYoung@ge.com

Payment Instructions

Please **Remit** Payment for invoices associated with this quotation to:

GE Healthcare

P.O. Box 96483

Chicago, IL 60693

To Accept This Quotation

- Please sign the quote and any included attachments (where requested).
- If requested, please indicate, your form of payment.
- If you include the purchase order, please make sure it references the following information
 - The correct Quote number and version number above
 - The correct Remit To information as indicated in "Payment Instructions" above
 - The correct SHIP TO site name and address
 - The correct BILL TO site name and address
 - The correct Total Quote Net Selling Price as indicated above

"Upon submission of a purchase order in response to this quotation, GE Healthcare requests the following to evidence agreement to contract terms.

Signature page on quote filled out with signature and P.O. number.

*****OR*****

Verbiage on the purchase order must state one of the following: (i) Per the terms of Quotation # _____; (ii) Per the terms of GPO# _____; (iii) Per the terms of MPA # _____; or (iv) Per the terms of SAA # _____, Include the applicable quote/agreement number with the reference on the purchase order.

In addition, source of funds (choice of: Cash/Third Party Loan or GE HEF Lease or GE HEF Loan or Third Party Lease through _____), must be indicated, which may be done on the quote signature page (for signed quotes), on the purchase order (where quotes are not signed) or via a separate written source of funds statement (if provided by GE Healthcare)."



GE Healthcare

131

Supplemental #1

May 25, 2018

12:21 P.M.

Q-Exp-Date:

05-25-2018

PR15-C6144

17

08-21-2018

05-25-2018

GPO Agreement Reference Information

Customer:	Ms. Luginia Hill
Contract Number:	MULTIPLE
Start Date:	03/30/2008
End Date:	06/30/2018
Billing Terms:	80% delivery / 20% Installation
Payment Terms:	NET 30
Shipping Terms:	FOB Destination

NOTICE REGARDING COMPUTED TOMOGRAPHY ("CT") PRODUCTS. This notice applies only to the following GE Healthcare products: CT: Revolution CT and EVO, Optima 680 CT and Optima 520 CT. GE Healthcare has reclassified several advanced software tools and associated documentation to a GE Healthcare Technical Service Technology package that GE Healthcare feels will bring greater value and interest to our customers. GE Healthcare will continue to provide trained Customer employees with access to the GE Healthcare Technical Service Technology package under a separate agreement. GE Healthcare will continue to provide customers and their third party service providers with access to software tools and associated documentation in order to perform basic service on the CT, MR and NM products listed above upon a request for registration for such access. This will allow GE Healthcare to react faster to the future service needs of GE Healthcare customers. If you have any questions, you can contact your sales Service Specialist.

This product offering is made per the terms and conditions of Novation/GE Healthcare GPO Agreement # XR11013 (CT) and # XR11031 (PET-CT).

For access to the applicable Novation Agreement and Contract Summary, please login to the Novation Marketplace website. If you require assistance or are experiencing issues please contact one of the following for support:

Novation Customer Service (888) 7-NOVATE NOVCustomerService@novationco.com

Web Site Technical Support (800) 327-8116 NovationTechSupport@novationco.com



GE Healthcare

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Supplemental #1

May 25, 2018

12:21 P.M.

Quote #:

Version #:

Q-Exp-Date:

05-25-2018

PR11-C80768

11

08-22-2018

Issued By:

GE Healthcare

FEIN: 14-0689340

Customer Address:

Radiology Alliance

210 25th Ave N Ste 602

Nashville TN 37203-1631

Attention:

Victoria Hill

210 25th Ave N Ste 602 Nashville

TN 37205

The terms of the Master Purchasing Agreement, Strategic Alliance Agreement or GPO Agreement referenced below as the Governing Agreement shall govern this Quotation. No additional or different terms shall apply unless agreed to in writing by authorized representatives of both parties.

Governing Agreement:

Novation - Vizient Supply LLC

Customer Number:

1-25Q3XC

Terms of Delivery:

FOB Destination

Billing Terms:

80% delivery / 20% Installation

Payment Terms:

NET 30

Total Quote Net Selling Price:

\$496,543.40

RAD - ROOM

Sales And Use Tax Status:

No Exemption Certificate on File

** The following ship to states do not impose a sales/use tax (AK, DE, MT, NH, OR). No exemption certificate required.

INDICATE FORM OF PAYMENT:

If "GE HEF Loan" or "GE HEF Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Equipment Finance (GE HEF) to fund this arrangement after shipment.

☐ Cash/Third Party Loan/Check

☐ GE HEF Loan

☐ GE HEF Lease

☐ Third Party Lease (please identify financing company)

By signing below, each party certifies that it has not made any handwritten modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

Each party has caused this agreement to be executed by its duly authorized representative as of the date set forth below.

CUSTOMER

Authorized Customer Signature

Date

Print Name

Print Title

Purchase Order Number (if applicable)

GE HEALTHCARE

Gary Young

05-25-2018

Signature

Date

Vaso Healthcare - Authorized Manufacturer Rep

Email: Gary.Young@ge.com

Office: +1 615 202 6373

Mobile: 615-202-6373



GE Healthcare

133

Supplemental #1

May 25, 2018

Quote #
12:21 P.M.

Version #:
Q-Exp-Date:

05-25-2018
PR11-C80768
11
08-22-2018

Total Quote Selling Price
Trade-In and Other Credits

\$496,543.40
\$0.00

Total Quote Net Selling Price

\$496,543.40

To Accept this Quotation

Please sign and return this Quotation together with your Purchase Order To:

Gary Young

Office: +1 615 202 6373

Mobile: 615-202-6373

Email: GaryYoung@ge.com

Payment Instructions

Please **Remit** Payment for invoices associated with this quotation to:

GE Healthcare

P.O. Box 96483

Chicago, IL 60693

To Accept This Quotation

- Please sign the quote and any included attachments (where requested).
- If requested, please indicate, your form of payment.
- If you include the purchase order, please make sure it references the following information
 - The correct Quote number and version number above
 - The correct Remit To information as indicated in "Payment Instructions" above
 - The correct SHIP TO site name and address
 - The correct BILL TO site name and address
 - The correct Total Quote Net Selling Price as indicated above

"Upon submission of a purchase order in response to this quotation, GE Healthcare requests the following to evidence agreement to contract terms.

Signature page on quote filled out with signature and P.O. number.

*****OR*****

Verbiage on the purchase order must state one of the following: (i) Per the terms of Quotation # _____; (ii) Per the terms of GPO# _____; (iii) Per the terms of MPA # _____; or (iv) Per the terms of SAA # _____, Include the applicable quote/agreement number with the reference on the purchase order.

In addition, source of funds (choice of: Cash/Third Party Loan or GE HEF Lease or GE HEF Loan or Third Party Lease through _____), must be indicated, which may be done on the quote signature page (for signed quotes), on the purchase order (where quotes are not signed) or via a separate written source of funds statement (if provided by GE Healthcare)."



GE Healthcare

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Supplemental #1

May 25, 2018

12:21 P.M.

Q-Exp-Date:

05-25-2018

PR11-C80768

11

08-22-2018

05-25-2018

GPO Agreement Reference Information

Customer: Victoria Hill
Contract Number: PLEASE SEE NOVATION CONTRACT # BELOW
Start Date:
End Date: 12/31/2021

Billing Terms: 80% delivery / 20% Installation
Payment Terms: NET 30
Shipping Terms: FOB Destination

This product offering is made per the terms and conditions of Novation/GE Healthcare GPO Agreement # XR0380 (RAD/R and F) and XR0342 (MAMMO).

For access to the applicable Novation Agreement and Contract Summary, please login to the Novation Marketplace website. If you require assistance or are experiencing issues please contact one of the following for support:

Novation Customer Service (888) 7-NOVATE NOVCustomerService@novationco.com

Web Site Technical Support (800) 327-8116 NovationTechSupport@novationco.com

Qty	Catalog No.	Description
1		Precision 600FP
1	S0915RA	<p>The Precision™ 600FP is a classical, flat panel detector (FPD) based fluoroscopic and radiographic system with a list of features highlighted below:</p> <ul style="list-style-type: none"> • High quality images acquired with a high resolution flat panel detector. • Small footprint that fits in various room sizes. • Intuitive user interface to optimize clinical workflow. • Supports a wide range of patient sizes and weights. • Comprehensive image visualization, post-processing, and database management. Super Noise Reduction Filter to minimize noise. • Comprehensive dose management, including adjustable framerate, dose settings, virtual collimation, grid controlled pulse, DoseWatch (optional) and more. <p>The universal table configuration and tableside control panel make it easy for patient positioning. High weight capability, large clearance between tabletop and flat panel detector, and easy patient access from the back of table allow large patients to be imaged with ease</p> <ul style="list-style-type: none"> • Dimension: 35.6" H x 82.7" L x 30.1" W (90.4 x 210.0 x 76.5 cm) • Movement: longitudinal $\pm 31.5"$ (80 cm), lateral $\pm 3.9"$ (10 cm) • Distance between focus and table top: 20.7" (52.6 cm) • Tilting: +90°/-45°. Speed is 1° to 5°/sec variable • Weight capacity: 600 lb (270 kg) at the tabletop center with table in horizontal position, 400 lb (180 kg) for dynamic positioning at the center. <p>Another important way of positioning an image is through FPD tower. A power-assisted positioning handle is available to easily move the tower in all three dimensions for best image positions, regardless of left- or right-handedness. An additional handle is also available for users who prefers to use both hands.</p> <ul style="list-style-type: none"> • Longitudinal movement: $\pm 29.5"$ (75 cm) • Lateral movement: $\pm 4.9"$ (12.5 cm) • Vertical movement: 11.2" (28.4 cm). Distance to tabletop is adjustable between 9.3" (23.6 cm) and 20.5" (52 cm) <p>The Precision 600FP imaging system is centered around a 17" x 17" cesium iodide (CSI) based flat panel detector (FPD) with flexible data acquisition schemes, advance image processing, visualization and versatile storage capabilities.</p> <p>Flat Panel Detector (FPD)</p> <ul style="list-style-type: none"> • Easy switch between 4 field of view (FOV) levels: Normal/Mag1/Mag2/Mag3. These levels are pre-programmed and mapped to 4 control buttons on the FPD tower and the FOV can range from 17" (42 cm) to 5" (12 cm). • Effective number of pixels: 2840 x 2840

Page Seven
May 24, 2018

b. What is the age of the MRI equipment that will be purchased?

Response: It will be a new unit.

9. Section B, Need, Project Specific Review Criteria, Item 1

The applicant is missing digits in the figure for the minimum MRI procedures per year by the second year of service in 1.a. Please correct the figure (“25,0”) and provide a replacement page 21.

Response: A replacement page 21R is attached following this page.

10. Section B, Need, Project Specific Review Criteria, Item 2 (Access to MRI Units).

The applicant refers the reader of the application to “Table Seven-“A in Section B.III.B.I for project drive times. Please clarify if the applicant is referring to the table on page 41.

Response: Yes, the reference is to the table on page 41. Attached after this page is a revised page 22R correcting the name of the referenced table.

11. Section B, Need, Project Specific Review Criteria, Item 2 (Access to MRI Units).

Please provide documentation that the proposed MRI procedures will be offered in a physical environment that conforms to applicable federal standards, State and local requirements and to manufacturer’s specifications.

Response: The applicant has made this commitment in response to item 7 in the criteria, and it is further documented by the architect’s letter in Attachment B-Economic Feasibility-1E, which lists the applicable standards and codes. This documentation has always been accepted by HSDA in the past, without requiring applicants to recite specific technical requirements and specifications.

Page Eight
May 24, 2018

12. Section B, Need, Project Specific Review Criteria, Item 7.g (Emergency Transfer Agreements).

Please provide a response to the second part of the question that states the following, “an applicant’s arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.”

Response: Attached following this page is a revised page 26R affirming that.

13. Section B, Need. Item 5 (Historical Utilization in PSA)

a. The chart on page 40 refers to Davidson County residents in the Rutherford and Williamson sections of the chart. Please submit a corrected chart.

Response: Attached following this page is a revised page 40 table correcting that.

b. Please clarify if there are unimplemented services of similar healthcare providers in the proposed 3 county service area.

Response: There are three: CN1705-016 for Vanderbilt Medical Center to add a pediatric MRI (Davidson County; CN1512-067 for Williamson Medical Center to initiate MRI in its ODC (Williamson County); and CN1701-003 for Premier Radiology/Saint Thomas to place an ODC/MRI in southeastern Rutherford County.

When these three are implemented, it will give the project service area 65.7 non-specialty units. Even applied to 2017 area utilization, the service area would still be at 100% of the 2,880-procedure State Health Plan Guideline. ($190,969 \text{ procedures} / 65.7 / 2,880 = 100\%$). However, these three MRI's are not now open. Future demand must be considered. At the applicant's projected 2% annual increase in service area MRI procedures, the applicant's table on page 43 projects 206,7112 area procedures in Year One of the project, which is sufficient to justify five more MRI units under the State Plan Guideline of an area average of 2,880 per MRI--two more than the three approved, unimplemented MRIs.

14. Section B, Need. Item 6 (Historical Utilization in PSA)

The applicant notes in the application Radiology Alliance is widely known among referring physicians for its deep expertise in MRI interpretation. Please indicate if there are any physician support letters that documents this statement.

Page Nine
May 24, 2018

Response: No support letters have been requested from referring physicians. Radiology Alliance's being the contracted professional services organization for six hospitals in the project service area for five years is considered sufficient documentation that referring physicians have confidence in their professional expertise.

15. Section B, Economic Feasibility, Items 1 (Project Costs Chart)

a. The lease expense chart on page 48 is noted. However, please clarify why rentable SF is listed as 7,967 SF in the chart on page 48, and only 6,890 SF in the square footage and cost per square footage chart on page 18 of the application.

Response: The 7,967 RSF lease figure is taken from the lease itself, on page 1 of the first amendment to the lease. It includes not only the project space, but also a "gross-up" of the project space to include tenant's use of common areas, which is standard in all such leases. The space actually occupied by the ODC, per the architect, is 6,890 SF, which is the appropriate figure to use in calculating renovation costs and costs per square foot. The project does not include common areas in any way except the calculation of lease payments.

b. The Antioch ODC Equipment Costs on page 49 of the application is noted. However, none of the figures appear to match the \$4,146,282 Equipment Costs listed in the Project Costs Chart. Please clarify.

Response: A revised Project Cost Chart (page 47R) and Equipment Cost Chart (page 49R) are attached following this page. They correct an Excel formula error in one cell of the Equipment Cost Chart. Also, new equipment quotes allow the applicant to lower the inflation contingency in the Equipment Cost Chart from 10% to 5%.

c. Please discuss the alternative of utilizing a mobile MRI unit to serve this location rather than installing a fixed unit.

Response: There is no mobile unit available that could provide the anticipated volume of MRI scans for this location. An ODC serving an area this size cannot rely on a part-time MRI unit to meet patient needs.

Page Ten
May 24, 2018

16. Section B, Economic Feasibility, Items 1.E (Licensed Architect Letter)

a. The licensed architect letter supporting the estimated construction costs are noted. However, the applicant on page 75 requests 3 year expiration on the Certificate of Need (if granted) because of the demolition and removal of a very large bank vault from a previous tenant that will require an unusual amount of time. Please clarify why this demolition was not mentioned in the architect's letter.

b. What is the cost of the demolition and removal of the bank vault?

Response: It was not requested that the architect mention it. Attached after this page is a communication from the architect affirming that the demolition and removal of the vault will require significant additional cost and time, compared to a simple build-out of existing commercial space.

c. Also, would it be more financially feasible to obtain a site for the project that would not require the demolition of a bank vault?

Response: This site is appropriate because it is very accessible to major roadways such as I-24, and because it currently houses medical offices whose physicians want such services in close proximity to them for their patients' ease of access. The special demolition needs of the site are not determining factors for a long-range commitment of resources to this location.

17. Section B, Economic Feasibility, Item 2 (Funding)

a. It is noted MEDNAX will provide the funding for the proposed project. However, MEDNAX is not part of the ownership of the applicant. Please provide documentation between MEDNAX and the applicant that MEDNAX will fund the project through a cash grant, sustain the operation financially as needed, and financial support from MEDNAX will be repaid from the project's earnings.

Response: The submitted funding commitment letter did commit to fund the project and to sustain the operation "as described in the application", and the application stated that MEDNAX in return would be repaid from the project's earnings. A second letter clarifying this in more particularity is attached following this page.

Subject: Radiology Alliance Imaging Center

Date: Thursday, May 24, 2018 at 4:57:14 PM Central Daylight Time

From: Martin Franks

To: John Wellborn

CC: William Quigg, Kirk Hintz

John,

It was a pleasure talking to you today.

Per our conversation, there are a number of unknowns with the existing vault that would increase the complexity and timeframe of the demolition for that space. It could take up to two months and an undetermined amount of money for removal depending on what type of vault it is and how it was installed originally. Furthermore, the location of the vault and not being on an external wall adds to the overall complexity of its removal.

Thanks,

Martin Franks, AIA
Senior Vice President

HFR DESIGN

214 Centerview Drive Suite 300
Brentwood, TN 37027
615.370.8500 p | 615.512.1577 m

May 25, 2018

12:21 P.M.

1301 Concord Terrace
Sunrise, FL 33323
800.243.3839
www.mednax.com



Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Antioch Outpatient Diagnostic Center

Dear Ms. Hill:

Tennessee Imaging Services, LLC, is filing an application to establish a licensed Outpatient Diagnostic Center with MRI and related imaging services, in southeastern Davidson County in Antioch, TN.

As the Senior VP/Chief Accounting Officer of MEDNAX, Inc. I am writing to confirm that we are prepared to fund and sustain this endeavor as described in the application and this memo. Our most recent financial statements are provided in the application.

The estimated total capital expenditure needed to implement this project is approximately \$5,312,400. In return for this capital, once the ODC has a positive free cash flow, MEDNAX will be entitled to 99% of the project's free cash flow on an annual basis until the year 2040 as repayment. An estimated payoff table is enclosed with this memo for your review.

Sincerely,

John C. Pepia
Senior Vice President, Chief Accounting Officer
MEDNAX, Inc.

Enclosures:

- 1) Payoff Estimation Table for Antioch ODC Project Funding



HEALTH SOLUTIONS PARTNER

Payoff Estimation Table for Antioch ODC Project Funding

<u>Fiscal Year</u>	<u>Amount</u>
2021	-
2022	-
2023	\$124,945
2024	\$299,400
2025	\$350,894
2026	\$373,125
2027	\$371,747
2028	\$363,146
2029	\$348,101
2030	\$329,424
2031	\$329,424
2032	\$329,424
2033	\$329,424
2034	\$329,424
2035	\$329,424
2036	\$329,424
2037	\$329,424
2038	\$329,424
2039	\$329,424
2040	\$329,424
Total Sum of Repayment	\$5,855,026
Original Capital Funding	\$5,312,400
MEDNAX Return on Loan	\$542,626

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from

to

Commission file number 001-12111

MEDNAX, INC.

(Exact name of registrant as specified in its charter)

FLORIDA
(State or other jurisdiction
of incorporation or organization)

1301 Concord Terrace, Sunrise, Florida
(Address of principal executive offices)

26-3667538
(I.R.S. Employer
Identification No.)

33323
(Zip Code)

Registrant's telephone number, including area code (954) 384-0175

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, par value \$.01 per share

Name of Each Exchange on Which Registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its Corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of shares of Common Stock of the registrant held by non-affiliates of the registrant on June 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter, was \$4,785,069,881 based on a \$60.37 closing price per share as reported on the New York Stock Exchange composite transactions list on such date.

The number of shares of Common Stock of the registrant outstanding on February 9, 2018 was 93,795,535.

DOCUMENTS INCORPORATED BY REFERENCE:

The registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, with respect to the 2018 Annual Meeting of Shareholders is incorporated by reference in Part III of this Form 10-K to the extent stated herein. Except with respect to information specifically incorporated by reference in the Form 10-K, each document incorporated by reference herein is deemed not to be filed as part hereof.

Table of Contents

MEDNAX, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for per share data)

	Years Ended December 31,		
	2017	2016	2015
Net revenue	<u>\$3,458,312</u>	<u>\$3,183,159</u>	<u>\$2,779,996</u>
Operating expenses:			
Practice salaries and benefits	2,337,734	2,031,220	1,753,505
Practice supplies and other operating expenses	120,518	118,416	98,480
General and administrative expenses	417,105	372,572	305,915
Depreciation and amortization	102,879	89,264	64,228
Total operating expenses	<u>2,978,236</u>	<u>2,611,472</u>	<u>2,222,128</u>
Income from operations	480,076	571,687	557,868
Investment and other income	3,953	2,019	1,844
Interest expense	(74,559)	(63,092)	(23,110)
Equity in earnings of unconsolidated affiliates	952	3,185	3,127
Total non-operating expenses	<u>(69,654)</u>	<u>(57,888)</u>	<u>(18,139)</u>
Income before income taxes	410,422	513,799	539,729
Income tax provision	(90,050)	(189,203)	(204,038)
Net income	320,372	324,596	335,691
Net loss attributable to noncontrolling interests	—	318	629
Net income attributable to MEDNAX, Inc.	<u>\$ 320,372</u>	<u>\$ 324,914</u>	<u>\$ 336,320</u>
Per common and common equivalent share data:			
Net income attributable to MEDNAX, Inc.:			
Basic	<u>\$ 3.47</u>	<u>\$ 3.52</u>	<u>\$ 3.61</u>
Diluted	<u>\$ 3.45</u>	<u>\$ 3.49</u>	<u>\$ 3.58</u>
Weighted average common shares:			
Basic	<u>92,431</u>	<u>92,422</u>	<u>93,077</u>
Diluted	<u>92,958</u>	<u>93,109</u>	<u>93,960</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

MEDNAX, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,200	\$ 55,698
Short-term investments	10,292	11,286
Accounts receivable, net	503,999	495,276
Prepaid expenses	15,584	11,051
Other assets	37,160	13,817
Total current assets	627,235	587,128
Restricted cash	20,000	—
Investments	80,682	78,975
Property and equipment, net	123,536	103,068
Goodwill	4,283,963	3,845,157
Intangible assets, net	639,928	668,529
Other assets	91,934	56,543
Total assets	<u>\$ 5,867,278</u>	<u>\$ 5,339,400</u>
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 438,017	\$ 407,938
Current portion of long-term debt and capital lease obligations	1,401	22,054
Income taxes payable	92,007	18,957
Total current liabilities	531,425	448,949
Line of credit	1,110,500	783,500
Long-term debt and capital lease obligations, net	740,923	900,128
Long-term professional liabilities	212,274	173,080
Deferred income taxes	147,797	227,802
Other liabilities	57,905	45,174
Total liabilities	2,800,824	2,578,633
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; \$.01 par value; 1,000 shares authorized; none issued	—	—
Common stock; \$.01 par value; 200,000 shares authorized; 93,721 and 93,718 shares issued and outstanding, respectively	937	937
Additional paid-in capital	1,017,328	974,304
Retained earnings	2,048,189	1,785,526
Total shareholders' equity	3,066,454	2,760,767
Total liabilities and shareholders' equity	<u>\$ 5,867,278</u>	<u>\$ 5,339,400</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

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May 24, 2018

b. It is noted financial support from MEDNAX will be repaid from the project's earnings. Please clarify how this is feasible since the applicant will sustain net losses in Year One and Year Two of the proposed project.

Response: The project shows a positive cash flow for Year Two and beyond; and the applicant's projections show that it will not sustain net losses for more than a short initial period of operation.

c. Does MEDNAX have a relationship with HCA?

Response: MEDNAX has other affiliated physician practices that provide maternal-fetal medicine, neonatology and anesthesiology services at HCA facilities, including TriStar.

18. Section B, Economic Feasibility, Item 4 (Projected Data Chart)

It is noted there are management fees designated in Year One, Two, and Three in the two Projected Data Charts provided. However, there are no management agreements included in the application. Please clarify.

Response: There are no management contracts contemplated. The entries in Management fees paid to affiliates should have been included as Other Expenses. They consist of support services provided by Infinity Management in the areas of billing and collection, information systems, physician credentialing, etc. Attached following this page are pages 54R-57R, revised Projected Data Charts, with this corrected. This does not change the Net Operating Margin Ratios.

19. Section B., Economic Feasibility, Item 5.a.

The MRI only charge chart on page 58 is noted. However, there appears to be slight errors in Project Year Two figures. Please revise and submit a replacement page 58.

Response: A \$2 error was found for Deduction from Revenue and Average Net Charge for Year Two. Attached following this page is a revised page 58R.

20. Section B., Economic Feasibility, Item 5.c.

Please also include a comparison to HSDA Equipment Registry MRI range of charges in the response to this question (1st Quartile, Median, 3rd Quartile).

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Response: This has been done in revised page 58R; see preceding question and response.

21. Section B., Economic Feasibility, Item 6.a. and 6 b.

a. Please provide copies of the applicant's parent companies' balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable.

Response: The requested income statement and balance sheet from American Radiology Holdings, LLC ("ARH") are provided following this page. This LLC was created at the beginning of CY2017; it has no audited statements.

b. Please provide the most recent Net Operating Margin Ratio and Capitalization Ratio for the applicant's parent company using the most recent audited financial documents.

Response: The Net Operating Margin Ratio for ARH is listed on the income statement as 15.1%. It is not possible to provide a capitalization ratio because ARH has no long-term debt.

22. Section B., Economic Feasibility, Item 8

The projected staffing table on page 65 is noted. However, there are calculation errors. Please correct and submit a replacement page 65 (65-R).

Response: Thank you for noting this. The table should have listed 1.0 insurance verification staff rather than 3.0. The total employees will be 7.0 FTE's as stated originally, with another 0.5 temporary contract staff to cover for employee vacations and other time off. Replacement page 65-R is attached following this page.

23. Section B, Orderly Development, Item 3.A

On page 68 the applicant notes only 7 new FTEs need to be recruited in Year One. However, the total appears to be 12. Please correct and submit a replacement page 68 (labeled as 68-R).

Response: With the correction submitted under question #22 above, the 7 FTE figure (not including temporary employees) remains the correct number that need to be recruited.

American Radiology Holdings, P.C.
Financial Statements
For the year ended
December 31, 2017

(Unaudited)

American Radiology Holdings, P.C.**Balance Sheet****December 31, 2017****(Unaudited)****ASSETS**

Current assets:

Cash and cash equivalents	\$ 785,497
Accounts receivable, net.....	7,704,277
Prepaid expenses.....	243,462
Total current assets	8,733,236
Property and equipment, net.....	2,107,051
Other assets	1,809,150
Total assets.....	<u>\$ 12,649,437</u>

LIABILITIES AND EQUITY

Current liabilities:

Accounts payable and accrued expenses	\$ 3,203,843
Current portion of capital lease obligations	273,738
Total current liabilities.....	3,477,581
Long-term capital lease obligations.....	144,442
Long-term professional liabilities.....	2,900,000
Total liabilities	6,522,023
Total equity	<u>6,127,414</u>
Total liabilities and equity.....	<u>\$ 12,649,437</u>

American Radiology Holdings, P.C.
Statement of Income
January 27, 2017 through December 31, 2017

(Unaudited)

Net revenue	\$ 47,181,460
Operating expenses:	
Practice salaries and benefits	31,616,792
Practice supplies and other operating expenses	3,199,173
General and administrative expenses	3,853,219
Depreciation and amortization	1,367,973
Total operating expenses	<u>40,037,157</u>
Income from operations	7,144,303
Investment income	(211,406)
Interest expense	(18,325)
Total non-operating expenses	<u>(229,731)</u>
Income before income taxes	<u>\$ 6,914,572</u>

Supplemental Statement of Income Information:

Operating margin ratio(1) 15.1%

(1) Income from operations as a percentage of net revenue

**American Radiology Holdings, P.C.
Notes to Financial Statements
December 31, 2017**

(Unaudited)

Basis of Presentation:

These unaudited financial statements have been prepared by management of American Radiology Holdings, P.C. and are intended solely for use by certain third-parties in connection with applications for a certificate of need and are not intended to be and should not be used by anyone other than these specified parties. In this respect, the financial statements do not reflect various adjustments required by the accounting principles generally accepted in the United States ("GAAP") and omit all of the disclosures required to conform with GAAP. The financial information does not include allocations for the ultimate parent company's assets, liabilities and expenses such as goodwill, intangible assets, long-term debt, income taxes and interest expense. Accordingly, these financial statements should not be considered an alternative to financial statements determined in accordance with GAAP.

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May 24, 2018

24. Section B, Quality Measures

Please verify and acknowledge the applicant will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon the following factors:

(3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:

(a) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

Response: The applicant acknowledges that the project will be evaluated annually, and makes this commitment.

(b) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

Response: The applicant acknowledges that the project will be evaluated annually, and makes this commitment.

(c) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

Response: The applicant acknowledges that the project will be evaluated annually, and makes this commitment.

(d) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

Response: Not applicable; the applicant is not an existing institution. The applicant's parent owns Specialty Imaging, a Davidson County ODC, and that facility has been in compliance for the past three years and beyond.

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(e) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

Response: Not applicable; the applicant is not an existing institution. The applicant's parent has recently acquired Specialty Imaging, a Davidson County ODC, and that facility has never been decertified.

(f) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve.

This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following: American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

Response: The applicant will participate in such processes as part of its accreditation process from the American College of Radiology.

Additional Amendments Offered by Applicant

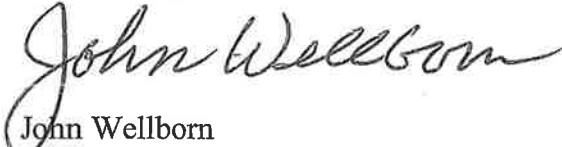
Attached following this page is a revised page 70R. The applicant has identified one incident of paying a civil penalty in the past several years. In 2016 a Radiology Alliance coding supervisor identified that her staff had inadvertently over-billed Medicare on physicians' billing numbers, for some services provided in fact by nurse practitioners and physician assistants working under those physicians' supervision. This error was self-reported by Radiology Alliance to the OIG, and Radiology Alliance proffered a repayment that Radiology Alliance calculated as the exact amount of overpayment by Medicare. OIG immediately accepted this self-reported offer without site visit, or even comment. While this is classified as a penalty in OIG web references, it was not discovered or imposed by OIG; it was done solely at Radiology Alliance's initiative.

May 25, 2018**12:21 P.M.**

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Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

May 25, 2018
 BILL GARRETT, Davidson County
 Trans: 720160063901 DOT
 Recvd: 07/25/16 14:58 16 pgs
 Fees: 83.00 Taxes: 5172.70

20160725-0076476

THIS INSTRUMENT PREPARED BY:
 Catherine H. Gwyn
**GULLETT, SANFORD, ROBINSON
 & MARTIN, PLLC**
 150 Third Avenue South, Suite 1700
 Nashville, TN 37201

When Recorded Return to:
 Title Source, Inc. -
 Commercial Team
 662 Woodward Avenue
 Detroit, MI 48226
 TSI#: 011637397

THIS INSTRUMENT SHALL
 CONSTITUTE A FIXTURE FILING.
 THIS DEED OF TRUST IS FOR
 COMMERCIAL PURPOSES AND
 SECURES OBLIGATORY ADVANCES.

MAXIMUM PRINCIPAL
 INDEBTEDNESS FOR TENNESSEE
 RECORDING TAX PURPOSES IS
 \$4,500,000.00.

DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS DEED OF TRUST (this "Instrument") is made effective as of the 19th day of July, 2016 (the "Effective Date"), among the Grantor, **Freeland Realty 4, LLC**, a Tennessee limited liability company, whose address is 5333 Hickory Hollow Parkway, Antioch, Tennessee 37013 ("Borrower"), **Catherine H. Gwyn, Trustee**, whose residence address is Davidson County, Tennessee ("Trustee"), and the Beneficiary, **Ally Bank**, a Utah state chartered bank, whose address is 6985 Union Park Center, Suite 435, Salt Lake County, Midvale, Utah 84047 ("Bank").

Borrower, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys, and assigns to Trustee, in trust, with power of sale, the property located in Davidson County, Tennessee, as more particularly described on Exhibit A, attached hereto and incorporated by reference herein.

Together with all buildings, improvements, and tenements now or hereafter erected on the property, and all heretofore or hereafter vacated alleys and streets abutting the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil, and gas rights and profits, water, water rights, and water stock appurtenant to the property, and all fixtures, machinery, equipment, engines, boilers, incinerators, building materials, appliances, and goods of every nature whatsoever now or hereafter located in or on or used or intended to be used in connection with the property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air, and light, and all elevators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, mirrors, cabinets,

paneling, attached floor coverings, antennas, trees, and plants; all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the real property covered by this Instrument; and all of which, together with said property, are herein referred to as the "Property".

IN TRUST, TO SECURE to Bank the following: (a) the repayment of all indebtedness evidenced by Commercial Real Estate Loan and Security Agreement and Promissory Note of even date herewith executed by Borrower in favor of Bank evidencing the principal sum of **FOUR MILLION FIVE HUNDRED THOUSAND AND NO/100 (\$4,500,000.00) DOLLARS**, with interest thereon and payments as provided therein, with the balance of the indebtedness due and payable on August 1, 2026, together with all renewals, modifications, and extensions thereof (the "Loan Agreement"); (b) the payment of all other sums with interest thereon, as set forth in the Loan Agreement, advanced in accordance herewith to protect the security of this Instrument; (c) the performance of the covenants and agreements of Borrower contained herein and in the Loan Agreement; and (d) the payment of any and all indebtedness, whether direct or indirect, now or hereafter owing to Bank by Borrower, regardless of the type, class, or purpose of any such other indebtedness and however such indebtedness is evidenced, including, without limitation, the repayment of any future advances made by Bank, together with interest thereon. All of the above shall be hereinafter referred to collectively as the "Indebtedness".

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant, convey, and assign the Property, that the Property is unencumbered, and that Borrower shall warrant and defend generally the title to the Property against all claims and demands, subject only to those matters listed on the attached Exhibit B.

BORROWER AND BANK COVENANT AND AGREE AS FOLLOWS:

SECTION 1. PAYMENT OF PRINCIPAL AND INTEREST.

Borrower shall promptly pay when due all principal and interest due on the Indebtedness, including, but not limited to, any prepayment and late charges provided in the Loan Agreement, and the principal and interest due on any other obligations secured by this Instrument.

SECTION 2. TAXES, INSURANCE, AND OTHER CHARGES.

If required by Bank at any time during the term of the Indebtedness secured hereby, Borrower shall pay all taxes, assessments, insurance premiums, ground rents, and other charges, fines, and impositions attributable to the Property by making payments, when due, directly to the persons entitled to collect such payments. Borrower upon request shall promptly furnish to Bank all notices of amounts due under this Section and receipts evidencing the timely payment of all such amounts.

If requested by Bank at any time after occurrence of a Default hereunder, Borrower shall pay to Bank, on a monthly basis in addition to other payments due under the Loan Agreement and until the Loan Agreement is paid in full, a sum (hereinafter referred to as "Funds") equal to one-twelfth (1/12) of any yearly taxes, assessments, ground rents and other charges attributable to the Property, plus one-twelfth (1/12) of the yearly premiums for all insurance policies required

hereunder. Bank shall reasonably calculate, in its sole and absolute discretion, the amount of Funds required pursuant to this Section.

So long as there is no default hereunder, Bank shall apply the Funds to pay taxes, assessments, charges, insurance premiums, and ground rents. Bank shall not be required to pay any interest or earnings on the Funds, and the Funds are hereby pledged as additional security for the Indebtedness. This Instrument shall be considered a security agreement granting Bank a security interest in the Funds, and, if there is a default under this Instrument, Bank may apply the funds to reduce the Indebtedness.

If the Funds held by Bank exceed the amount required to pay taxes, assessments, insurance premiums, ground rents, and other charges as they fall due, and if there is no default under this Instrument and the Loan Agreement, the excess shall be promptly refunded or credited against the sums secured hereby, at Borrower's option. If the amount of the Funds held by Bank is not sufficient to pay taxes, assessments, insurance premiums, ground rents, and other charges as they fall due, Borrower shall pay to Bank the amount necessary to make up the deficiency within ten (10) days from the date Bank delivers notice requesting payment thereof.

Upon receipt of payment in full of the Indebtedness, Bank shall promptly refund any Funds held by Bank. If any part or parts of the Property or any interest therein is transferred or sold or is acquired by Bank, Bank shall apply any Funds in its possession as a credit against the Indebtedness prior to the sale or acquisition of the Property.

SECTION 3. ASSIGNMENT OF RENTS; RIGHTS TO POSSESSION.

As additional security for the repayment of the Indebtedness, Borrower hereby assigns to Bank all rents, income, and profits derived from the Property.

In the event of a Default hereunder, Bank, in person, by agent, or by judicially appointed receiver, shall be entitled to take possession of and manage the Property and to collect all rents, income, and other profits derived from the Property, including, but not limited to, amounts past due. Borrower agrees to relinquish peaceful possession to Bank. All rents, income, and profits collected by Bank or receiver shall be applied first to payment of the cost of management of the Property and collection of the rents, income, and profits, including, but not limited to, the cost of receiver's fees, premiums, or receiver's bonds, and reasonable attorneys' fees. The rents, income, and profits shall then be applied to the Indebtedness secured by this Instrument. Bank shall be liable to account only for the net rents actually received.

In connection with this assignment of rents, Borrower agrees to comply with all terms imposed upon it as Lessor under any lease covering any part of the Property. Should Borrower default under any such lease, Bank may take whatever action it deems desirable to prevent or cure the default by Borrower. Bank shall have the right to enter upon the Property as often as it desires in order to prevent or cure any such default. In attempting to prevent or cure any such default, Bank may spend such sums of money as it deems necessary, and Borrower hereby agrees to pay Bank immediately upon demand all sums so expended by Bank, together with interest from the date of

payment by Bank at the highest lawful rate then in effect under applicable law. Such sums and the interest thereon shall become additional Indebtedness secured by this Instrument.

SECTION 4. APPLICATION OF PAYMENTS.

Payments received by Bank under the Loan Agreement and this Instrument shall be applied to principal and interest payable on the Loan Agreement and to all other sums secured by this Instrument in such order and manner as are determined by Bank in its sole and absolute discretion, subject only to the provisions of this Instrument.

SECTION 5. LIENS.

Borrower shall promptly discharge any lien on the Property, other than as listed on Exhibit B, which has priority or shall in the future attain priority over this Instrument; or, in the alternative, Borrower shall pay or perform the obligation secured by such lien in a manner acceptable to Bank or shall in good faith contest or defend against enforcement of such lien by legal proceedings which prevent enforcement of the lien and which are initiated with the written consent of Bank.

SECTION 6. INSURANCE.

Borrower shall keep the improvements now existing or hereafter located on the Property insured for their full insurable value against loss by fire and such other hazards as may be required by Bank, including, but not limited to, extended coverage, vandalism, malicious mischief, worker's compensation, builder's risk, public liability, and federal flood insurance if and as required under the federal Flood Disaster Protection Act. All insurance policies required pursuant to the preceding sentence shall include a standard provision, satisfactory to Bank, naming Bank as a mortgagee loss payee.

All insurance shall be carried with companies approved by Bank. The duplicate original policies and renewals thereof shall be held by Bank, shall provide that loss be payable to Bank as Bank's interest may appear therein, and shall otherwise be in form acceptable to Bank. In the event of loss, Borrower shall give immediate notice by mail to Bank. In such event, Bank may make proof of loss if not made promptly by Borrower, but Bank shall not be required to do so. Each insurance company concerned is hereby authorized and directed to make payment on such loss directly to Bank instead of to Borrower and Bank jointly. The insurance proceeds, or any part thereof, may be applied by Bank at its option and in its sole and absolute discretion, either to the reduction of the Indebtedness or to the restoration or repair of the Property. Bank shall have no obligation to apply any of the insurance proceeds to restoration or repair of the Property. If the Property is conveyed to Bank or if title to the Property is otherwise transferred in extinguishment of the Indebtedness, all right, title, and interest of Borrower in and to any insurance policies then in force shall be assigned to the new owner of the Property.

In no event shall any application of insurance proceeds to payment of sums due under this Instrument operate to reduce the obligation of Borrower to make any periodic payments due and payable under this Instrument and the Loan Agreement unless such application constitutes final payment under the Loan Agreement.

SECTION 7. CONDEMNATION.

The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property or any part of the Property or in connection with any conveyance in lieu of condemnation are hereby assigned to Bank and shall be paid directly to Bank. Bank may apply or release the funds so received in the same manner and with the same effect as provided in Section 6 for the disposition of insurance proceeds. In no event shall any application of such proceeds to payment of sums due under this Instrument operate to reduce the obligations of Borrower to make any periodic payments due and payable under this Instrument and the Loan Agreement unless such application constitutes final payment under the Loan Agreement.

SECTION 8. PRESERVATION AND MAINTENANCE OF PROPERTY; LEASEHOLDS; CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS.

Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Instrument conveys a leasehold estate, Borrower shall comply with the provisions of any lease affecting the leasehold estate. If Borrower fails to do so, Bank shall have the right, but not the obligation, to take such action as it deems desirable to prevent or cure any default under this Section. Any amounts disbursed by Bank pursuant to this Section, with interest thereon at the highest lawful rate permitted by applicable law, shall become additional Indebtedness secured by this Instrument. Borrower expressly grants to Bank the right to enter upon the Property immediately and as often as Bank desires in order to prevent or cure any default by Borrower. Borrower shall not surrender its leasehold estate or interest without the prior written consent of Bank. If this Instrument conveys a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development under the bylaws and regulations of the condominium or planned unit development and under all other constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Instrument, such rider shall be incorporated herein by reference and shall amend and supplement the covenants and agreements of this Instrument as if the rider were a part hereof.

SECTION 9. PROTECTION OF BANK'S SECURITY.

If Borrower fails to perform all the covenants and agreements contained in this Instrument and a default occurs under any of the terms, conditions, and provisions of the Loan Agreement or any action or proceeding is commenced which materially affects Bank's interest in the Property, including, but not limited to, eminent domain proceedings, insolvency proceedings, building and zoning code enforcement proceedings, arrangements or proceedings involving a bankruptcy or decedent, or the enforcement of any prior lien against the Property, then Bank, at Bank's option, may make such appearances, disburse such sums, and take such action as Bank deems necessary to protect its interest hereunder, including, without limitation, disbursements for reasonable attorneys' fees, repairs to the Property, curing defaults under prior liens, and removal of liens. Any amounts disbursed by Bank pursuant to this Section shall become additional Indebtedness secured by this Instrument. Such amounts shall be payable upon notice from Bank and shall bear interest from the

date of disbursement at the highest rate permitted by applicable law or at the rate provided in the Loan Agreement if no highest rate is prescribed by applicable law. Nothing contained in this Section shall require Bank to incur any expense or to take any action hereunder.

SECTION 10. INSPECTION.

Bank may enter upon and inspect the Property, provided that Bank gives prior notice of its intention to do so.

SECTION 11. FORBEARANCE BY BANK NOT A WAIVER.

Forbearance by Bank in exercising any right or remedy hereunder or any related right or remedy otherwise afforded by law shall not be a waiver of or preclude the subsequent exercise of any such right or remedy. The receipt by Bank of any past due installments under the Loan Agreement or any other late payments of the Indebtedness shall not deprive Bank of the right to accelerate the maturity of the Indebtedness or of any other right of enforcement existing pursuant to the terms of this Instrument. The procurement of insurance or the payment of taxes or other liens or charges by Bank shall not be a waiver of Bank's right to accelerate the maturity of the Indebtedness because of default hereunder.

SECTION 12. TRANSFER OF PROPERTY OR OWNERSHIP INTERESTS; BANK'S CONSENT.

If all or any part of the Property or any legal or equitable interest therein is voluntarily or involuntarily sold, conveyed in trust, leased, or otherwise transferred, or any additional encumbrance is placed thereon, without Bank's prior written consent, Bank may, at its option, declare the Indebtedness to be immediately due and payable.

SECTION 13. EVENTS OF DEFAULT; ACCELERATION; REMEDIES.

If Borrower shall (a) pay the Indebtedness, when due, according to its terms; (b) pay promptly all taxes, assessments, ground rents, and other charges against the Property when due; (c) keep up repairs; (d) keep the Property insured as provided herein; (e) pay any and all other sums when due as herein provided; and (f) otherwise perform all of the covenants and conditions contained herein, then this trust conveyance shall be of no further force or effect. In such case, Bank shall execute and record a release of this Instrument. Otherwise this trust conveyance shall remain in full force and effect, and, at the option of the lawful owner and holder of the Indebtedness, all remaining unpaid Indebtedness and all installments thereof shall be due and payable at once, without notice, upon any Event of Default (as defined in the Loan Agreement) (an "Event of Default" hereunder).

Upon the occurrence of any Event of Default, Bank shall have the right to pursue all remedies available to it hereunder, at law or in equity. In addition, the Bank, or other agent of the Bank, or the Trustee may take any one or more of the following actions:

(a) enter upon and take possession of the Property without applying for or obtaining the appointment of a receiver;

(b) employ a managing agent of the Property and let the same, either in Trustee's own name, in the name of Bank or in the name of Borrower, and receive the rents, incomes, issues and profits of the Property and apply the same, after payment of all necessary charges and expenses, on account of the Secured Indebtedness;

(c) pay any sums in any form or manner deemed expedient by Bank to protect the security of this Deed of Trust or to cure any event of default, as defined in the Loan Agreement, other than payment of interest or principal on the Secured Indebtedness;

(d) Bank may exercise any or all rights it may have with respect to the personalty or fixtures to the Property under the Uniform Commercial Code as adopted in Tennessee (the "UCC"). Borrower agrees that the sale of any personal property pursuant to the UCC may be performed at public or private sale; that notice of such sale shall be deemed commercially reasonable if given ten (10) days prior to such sale; that Bank may adjourn any public sale to a different time or place by notice at the announced time and place but without further advertisement or notice; that Bank may sell the personalty in such lots as it may deem appropriate; and that any advertisement of such a sale shall be sufficiently descriptive of the personalty if it describes the same by item or type. In addition to the remedies elsewhere provided herein, Bank may, upon default, at its election, sell some or all of the personalty together with the Property by complying with the provisions hereof and applicable law regarding the sale of the Property, in which case the provisions of applicable real estate law, rather than the UCC, shall control as to all aspects of the sale, and the sale shall be conclusively determined to be commercially reasonable if conducted in accordance with such provisions. Any sale of the Property pursuant to the power of sale provided for herein shall be presumed to include all personalty and fixtures then included with the property unless Bank advertises to the contrary; and/or

(e) Foreclose this Deed of Trust. In any Event of Default, Trustee, or his successor in trust, is hereby authorized and empowered, upon giving notice of the time and place of sale by publication of such by three (3) publications for successive weeks in any newspaper of general circulation published in the county in which the Property is located, the first publication of which shall be at least twenty (20) days previous to said sale, to sell the Property, or any part thereof, in such parcels, manner, or order as Bank may direct, at the front door of the Courthouse in said county, to the highest bidder for cash, at public outcry, free from the equity of redemption, the statutory right of redemption, exemptions of homestead, rights by virtue of marriage, and all other rights and exemptions of every kind, all of which are expressly waived. The Trustee or his successor in trust is further authorized and empowered to execute and deliver a deed to the purchaser at such sale. Bank may bid at any such sale. The Trustee may adjourn any sale hereunder and may reset such sale at a later time and/or dates by announcement of such at the time and place of the originally advertised sale without further publication. The purchaser at such sale shall be entitled to immediate possession of the Property upon the delivery to purchaser by Trustee of a deed for the Property. Prior to such sale, Trustee may enter and take possession of the Property, in which

case Trustee shall be accountable only for net rents actually received by Trustee. In the event of sale hereunder, the proceeds shall be applied by Trustee as follows:

FIRST -- to pay all costs and charges of executing this trust, including attorneys' fees and expenses of any litigation which may arise on account of the execution and enforcement of this trust;

SECOND -- to pay the Indebtedness or any balance thereof then remaining unpaid; and

THIRD -- the remainder to be paid to such parties as are legally entitled to it.

In the event of a sale of said Property under and by virtue of this trust, Borrower and all persons holding under Borrower shall be and become tenants at will of the purchaser of the Property from and after the execution and delivery of a deed to the purchaser, and shall pay the purchaser the reasonable rental value of the property after the sale. Borrower's tenancy shall be terminated at the option of purchaser upon five (5) days' written notice.

If Borrower unsuccessfully challenges the validity of any such sale carried out pursuant to the terms of this Instrument, Borrower shall pay the reasonable attorneys' fees and other legal expenses incurred by Bank and Trustee in defending the validity of the sale.

SECTION 14. PROCEEDS FROM JUDICIAL OR TRUST SALE.

Without limitation, the lien of this Instrument shall extend to the interest of Borrower in the proceeds from any judicial or trust sale of the Property, including, without limitation, the proceeds from sale by foreclosure of any prior encumbrance to the extent that such proceeds exceed the amount necessary to satisfy such prior encumbrance. The trustee, officer, or other person in charge of any such sale or foreclosure is hereby directed to pay such excess proceeds to the holder of the Indebtedness to the extent necessary to retire the Indebtedness. Such person is hereby authorized, given a power of attorney, and directed to endorse any checks representing proceeds of sale as requested by the holder of the Indebtedness, pursuant to the provisions of this Section.

SECTION 15. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.

This Instrument is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified above as part of the Property that, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code. Borrower hereby grants Bank a security interest in said items. Borrower agrees that Bank may file this Instrument or a reproduction thereof in the real estate records or other appropriate index as a financing statement for any of the items specified above as a part of the Property. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Borrower agrees to execute and deliver to Bank, upon Bank's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproductions of this Instrument in such form as Bank may require to perfect a security interest with respect to said items. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof and shall pay all reasonable costs and expenses of any record

searches for financing statements that Bank may reasonably require. Without the prior written consent of Bank, Borrower shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto. Upon Borrower's breach of any covenant or agreement of Borrower contained in this Instrument, including, but not limited to, the covenants to pay when due all sums secured by this Instrument, Bank shall have the remedies of a secured party under the Uniform Commercial Code and, at Bank's option, may also invoke the remedies provided in this Instrument as to such items. In exercising any of said remedies, Bank may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever without in any way affecting the availability of Bank's remedies under the Uniform Commercial Code or of the remedies provided in this Instrument.

SECTION 16. BORROWER NOT RELEASED.

If Bank agrees for the benefit of any debtor to extend the time for payment or to modify the amortization of the Indebtedness or any part thereof, Bank's action shall not release in any manner the continuing liability of Borrower or any other person on the Indebtedness. Borrower shall have no right to require Bank to initiate proceedings against any obligor on the Indebtedness, to refuse to extend the time for payment by such person, or to refuse otherwise to modify the amortization of any of the Indebtedness.

SECTION 17. REMEDIES CUMULATIVE.

Every right and remedy provided in this Instrument is distinct from and cumulative to every other right or remedy under this Instrument or afforded by law or equity. Every such right and remedy may be exercised concurrently, independently, or successively.

SECTION 18. SUCCESSORS AND ASSIGNS BOUND.

The covenants and agreements herein contained and the rights arising hereunder shall inure to the benefit of the respective successors and assigns of Bank and shall be binding upon the respective heirs, successors, and assigns of Borrower.

SECTION 19. NOTICE.

Unless otherwise required by applicable law, any notice to Borrower provided for in this Instrument shall be given by mailing such notice by certified mail, return receipt requested, addressed to Borrower at the address given hereinabove for Borrower, or if no such address is given, at the Property's address or at such other address as may be designated by notice to Bank. Any notice to Bank shall be given by certified mail, return receipt requested, to Bank's address stated herein or to such other address as Bank may designate by notice. Any notice provided for in this Instrument shall be deemed to have been given when sent in the manner designated herein.

SECTION 20. SEVERABILITY.

In the event that any provision or clause of this Instrument or the Loan Agreement conflicts with any applicable law, the other provisions of this Instrument and the Loan Agreement shall be given effect as fully as possible without the conflicting provisions, and, to this end, the provisions of this Instrument and the Loan Agreement are declared to be severable.

SECTION 21. PRIORITY OF THIS INSTRUMENT; FUTURE ADVANCES; EXTENSIONS; MODIFICATIONS AND RENEWALS.

Any portion of the Indebtedness advanced after the execution of this Instrument shall be defined as a Future Advance. This Section shall serve as notice to any subsequent encumbrance of the Property that Bank claims the priority of the lien of this Instrument for all such Future Advances, as well as for all other obligations secured hereby. This Section shall also be notice that Bank reserves the right to modify, extend, consolidate, and renew the Indebtedness or any portions thereof and the rate of interest charged thereon without affecting the priority of this Instrument.

SECTION 22. WAIVER.

Borrower expressly agrees that the Trustee or his successor may execute the power of sale granted herein and the other powers and rights set forth herein without giving bond or taking oath. The Trustee shall not be liable to Borrower for any acts or omissions to act in the execution of his powers hereunder, except for such acts or omissions as constitute gross negligence or willful misconduct. Except in such instances of gross negligence or willful misconduct, neither the Trustee nor Bank shall be obligated to provide an accounting of any funds received or disbursed in connection with the payment of the Indebtedness or the administration, enforcement, or foreclosure of this trust. Borrower expressly waives all legal, equitable, and statutory rights of redemption, exemption, or homestead, all rights arising by virtue of marriage, and all other similar exemptions and rights arising under or created by an applicable statute or judicial decision.

SECTION 23. NECESSITY OF WRITING.

The terms of this Instrument may be modified in whole or in part only by a written instrument signed by Borrower and Bank and recorded in the Register's Office of the county in which this Instrument is recorded. Any oral agreement to modify this Instrument shall be void and of no force and effect.

SECTION 24. JOINT AND SEVERAL OBLIGATIONS.

If Borrower is not the same person or persons or entity or entities, all of the covenants and requirements of this Instrument shall be the joint and several obligations of Borrower, and any reference to "Borrower" shall mean any or all of the individuals or entities constituting Borrower.

SECTION 25. HEADINGS.

The titles and headings of the various sections and paragraphs hereof are intended solely for means of reference and are not intended for any purpose whatsoever to modify, explain, or place any construction on any provision of this Instrument.

SECTION 26. GENDER.

As used herein, the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

SECTION 27. SUCCESSOR TRUSTEE.

Bank, at Bank's option, may from time to time remove any trustee and may appoint a successor trustee by an instrument recorded in the county in which this Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power, and duties conferred upon the trustee herein and by applicable law. Borrower further agrees that should such sale be made by the Trustee, he need not personally attend and conduct the same but, at his option, he may have the sale conducted by an agent or attorney selected by him.

SECTION 28. LOAN AGREEMENT.

Borrower agrees to comply with the covenants and conditions of the Loan Agreement evidencing the Indebtedness secured hereby, which is hereby incorporated by reference herein and made a part of this Instrument. All advances made by Bank pursuant to the Loan Agreement shall be Indebtedness of Borrower secured by this Instrument. All sums disbursed by Bank to protect the security of this Instrument shall be treated as disbursements pursuant to the Loan Agreement. All such sums shall bear interest from the date of disbursement at the highest rate allowed by applicable law, provided that, if no highest rate is prescribed by applicable law, such amounts shall bear interest at the rate or rates at which interest shall be charged upon default as provided in the Loan Agreement and shall be payable upon notice from Bank to Borrower requesting payment therefor.

From time to time as Bank deems necessary to protect Bank's interest, Borrower shall, upon request of Bank, execute and deliver to Bank, in such form as Bank shall direct, assignments of any and all rights or claims which relate to construction on the Property and which Borrower may have against any party supplying or who has supplied labor, materials, or services in connection with construction on the Property. In case of breach by Borrower of the covenants and conditions of the Loan Agreement, Bank, at Bank's option, with or without entry upon the Property, may invoke any of the rights or remedies provided in the Loan Agreement and may accelerate the sums secured by this Instrument and invoke those remedies provided in this Instrument.

SECTION 29. HAZARDOUS SUBSTANCES.

Neither Borrower, nor any affiliate or associate of Borrower, nor, to the best knowledge of Borrower, any other person has ever caused or permitted any "Hazardous Material" (as hereinafter defined) to be placed, held, located, or disposed of on, under, or at the Property or any part thereof or any other real property legally or beneficially owned (or any interest or estate in which is owned) by Borrower or any affiliate or associate of Borrower (except as such may be held or placed in compliance with applicable laws and regulations), and neither the Property, nor any part thereof, nor any other real property legally or beneficially owned (or any interest or estate in which is owned) by Borrower or any affiliate or associate of Borrower has ever been used (whether by Borrower and

any affiliate or associate of Borrower or, to the best knowledge of Borrower, by any other person) as a dump site or storage site (whether permanent or temporary) for any Hazardous Material. As used herein, the term "Hazardous Material" shall mean any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation, and Liability Act as such may be amended, any so-called "Superfund" or "Superlien" law, or any other federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material, as may be now or at any time hereafter in effect (the "Environmental Laws").

Borrower hereby agrees to indemnify Bank and to hold Bank harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses, and claims of any and every kind whatsoever, paid, incurred, or suffered by, or asserted against, Bank for, with respect to, or as a result of any of the following:

(a) The presence on or under or the escape, seepage, leakage, spillage, discharge, emission, discharging or release from the Property or any part thereof or any other real property legally or beneficially owned (or any interest or estate in which is owned) by Borrower or any affiliate or associate of Borrower of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses, or claims asserted or arising under any of the Environmental Laws); or

(b) Any liens against the Property or any part thereof or any interest or estate in any part thereof, created, permitted, or imposed by the Environmental Laws or any actual or asserted liability or obligations of Borrower or any affiliate or subsidiary of Borrower under the Environmental Laws.

SECTION 30. WAIVER OF JURY TRIAL; EXCLUSIVE JURISDICTION AND VENUE.

BORROWER AND BANK HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, BASED HEREON OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS INSTRUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK ENTERING INTO OR ACCEPTING THIS INSTRUMENT. FURTHER, BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. ANY ACTION BROUGHT HEREUNDER OR WITH RESPECT TO THE SUBJECT MATTER HEREOF MUST BE BROUGHT IN THE STATE COURTS SITTING IN DAVIDSON COUNTY, TENNESSEE OR IN THE UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF TENNESSEE

WHICH SHALL HAVE EXCLUSIVE JURISDICTION AND VENUE OF ANY SUCH MATTERS.

{Signature page to follow}

May 25, 2018**12:21 P.M.**

IN WITNESS WHEREOF, Borrower has executed this Instrument effective as of the Effective Date.

BORROWER:


Freeland Realty 4, LLC,
a Tennessee limited liability company

By: 
Name: Bernard G. Freeland
Title: Manager

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, Bernard G. Freeland, with whom I am personally acquainted, and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is Manager of the maker or a constituent of the maker and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker.

WITNESS my hand, at office, this 19th day of July, 2016.



Notary Public

My Commission Expires:



EXHIBIT A**PROPERTY DESCRIPTION**

All that certain real property situated in the County of Davidson, City of Nashville, State of Tennessee, described as follows:

Being parcel 1 as shown on the plan of the resubdivision of Lot "L" of the first revision, Section 13, Hickory Hollow Mall of record in Plat Book 8250, Page 849, Register's Office for Davidson County, Tennessee.

Being the same property conveyed to Freeland Realty 4, LLC, a Tennessee limited liability company from the INSOUTH BANK by deed of record in Instrument No. 20120402-0027603, in the Register's Office for Davidson County, Tennessee.

Property Address: 5380 Hickory Hollow Parkway, Antioch, Tennessee 37013
Map/Parcel Number: 163 00 0 378.00

EXHIBIT B**PERMITTED ENCUMBRANCES**

1. Davidson County taxes for the year 2016 and thereafter, not yet due and payable.
2. All matters as shown on plat of record in Plat Book 8250, Page 849, said Register's Office.
3. Memorandum of Agreement recorded July 11, 1989 in Book 7886, Page 594, said Register's Office.
4. Right-of-Way Agreement in favor of Gulf Interstate Gas Company recorded in Book 2203, Page 577, as affected by Warranty Deed recorded February 3, 1959 in Book 2875, Page 299 and as amended by Partial Releases recorded February 25, 1977 in Book 5118, Page 792 and in Book 5118, Page 797, said Register's Office.
5. Storm Water Detention Agreements granted to The Metropolitan Government of Nashville and Davidson County recorded April 21, 1988 in Book 7522, Page 582 and recorded May 18, 1988 in Book 7547, Page 619, said Register's Office.
6. Reciprocal Easement Agreement recorded September 16, 1998 in Book 11115, Page 393, said Register's Office.
7. Easement Agreement recorded September 16, 1998 in Book 11115, Page 401, said Register's Office.
8. Declaration of Protective Covenants for Hickory Hollow recorded March 18, 1977 in Book 5125, Page 769, as amended by Amendments to Declaration of Protective Covenants for Hickory Hollow recorded August 30, 1977 in Book 5189, Page 947; Second Amendment to Declaration of Protective Covenants for Hickory Hollow recorded September 14, 1978 in Book 5337, Page 933; Restated and Amended Declaration of Protective Covenants for Hickory Hollow recorded May 30, 1979 in Book 5441, Page 968; Amendment to Restated and Amended Declaration of Protective Covenants for Hickory Hollow recorded September 9, 1981 in Book 5792, Page 491; Second Amendment to Restated and Amended Declaration of Protective Covenants for Hickory Hollow recorded October 15, 1982 in Book 5951, Page 26; Third Amendment to Restated and Amended Declaration of Protective Covenants for Hickory Hollow recorded February 24, 1983 in Book 6011, Page 163; Fourth Amendment to Restated and Amended Declaration of Protective Covenants for Hickory Hollow recorded July 15, 1983 in Book 6095, Page 948, said Register's Office.

**1536878****13**

Loan Number	411001539
Library	C
Doc Type Group	WFM - New Loan and Acquisition Packages
Doc Type	WFM - New Loan and Acquisition Packages
Workflow Indicator	N

any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Sublessor may accept such check for payment without prejudice to Sublessor's right to recover the balance of such rent or pursue any other remedy provided in this Sublease.

- d. The parties agree that the annual rent to be paid pursuant to this Section 4 is based upon fair market value for the Premises subleased under the terms of this Sublease.
5. **Delinquent Payments:** If Sublessee shall fail to pay any installment of rent within five (5) days of the due date, Sublessee shall pay to Sublessor as additional rent a late charge of five percent (5%) of each delinquent rent installment. This provision for payment by Sublessee of a late fee is not a waiver by Sublessor of Sublessee's obligation to pay rent on the first day of each and every month.
6. **Condition of Premises:** Sublessee covenants and agrees that: (i) Sublessee will take good care of the Premises and the fixtures and equipment therein; (ii) Sublessee will not suffer or commit any waste of or about the Premises; and (iii) upon expiration of the Term of this Sublease, or upon surrender or abandonment of the Premises, Sublessee will leave the Premises in as good a condition as when first occupied by Sublessee, ordinary wear and tear and casualty loss excepted.
7. **Use of Premises:** Sublessee shall use the Premises as and for medical, administrative or office use and any use incidental to or in connection with such use, and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor and Landlord.
8. **Subletting and Assignment:** Sublessee will not sublet the Premises or any part thereof or transfer possession or occupancy thereof to any person, firm, or corporation, or transfer or assign this Sublease without the prior written consent of Sublessor, not to be unreasonably withheld, nor shall any sublet or assignment hereof be affected by operation of law or otherwise other than with the prior written consent of Sublessor. Any change in the ownership of Sublessee shall be construed as a transfer of the Sublease. Sublessor's prior approval is required prior to such transfer of this Sublease under such circumstances.
9. **Casualty Insurance:** Sublessee will not do or permit anything to be done in the Premises, or bring or keep anything therein, which shall in any way increase the rate of fire or other insurance, or on the property kept therein, or obstruct or interfere with the rights of other tenants or Sublessor, or conflict with the fire laws or regulations, or with any insurance policy or any part thereof, or with any statutes, rules, or regulations enacted or established by the appropriate governmental authority regarding the Premises.
10. **Sublessee's Property:** Sublessee shall be responsible for and shall bear the cost and expense solely for any removal of its own equipment, and shall reimburse Sublessor for any and all costs and damages incurred by Sublessor regarding the condition of the Premises as a result of said removal.

11. Destruction: The payment of rent under this Sublease shall cease if the Premises are rendered untenable for thirty (30) consecutive days, by fire or other casualty loss, and Sublessee may terminate this Sublease upon proper written notice thereof to Sublessor.
12. Access: Sublessee agrees that it will allow Sublessor, its agents or employees, to enter the Premises at all reasonable times and upon reasonable notice to examine, inspect, or to protect the same, or prevent damage or injury to the Premises or to make such repairs to the Premises as are necessary and reasonable; or to show the Premises to prospective tenants. Such showing of the Premises to prospective tenants shall be limited to the last ninety (90) days of the Term.
13. Defaults/Termination: It is agreed that: if Sublessee shall fail to pay the rent, or any installments thereof as aforesaid, at the time the same shall become due and payable although no demand shall have been made for the same, and such default continues for a period of fifteen (15) days after written notice of such failure from Sublessor; or if either party shall violate or fail or neglect to keep and perform any of the covenants, conditions, and agreements herein contained on the part of such party to be kept and performed; or if the Premises shall become vacant or deserted, and such default continues to a period of fifteen (15) days after written notice of such default then, at the option the non-defaulting party, this Sublease shall cease and terminate, and Sublessor shall be entitled to the possession of the Premises and to re-enter the same without demand of rent or demand of possession of the Premises by process of law, any notice to quit or of intention to re-enter the same, being hereby expressly waived by Sublessee. In the event of such re-entry by Sublessor by process of law or otherwise due to termination for default by Sublessee, Sublessee nevertheless agrees to remain answerable for any and all damages, including attorney's fees, deficiency or loss of rent that Sublessor may sustain by such re-entry; and in such case, Sublessor reserves full power, which is hereby acceded to by Sublessee, to relet the Premises for the benefit of Sublessee in liquidation and discharge, in whole or in part, as the case may be, of the liability of Sublessee under the terms and provisions of this Sublease. No provisions of this Sublease shall be deemed to have been waived unless such waiver shall be in writing signed by the party seeking to enforce said provision.
14. Quiet Enjoyment: Sublessor covenants that if Sublessee pays the rent and all other charges provided for herein, performs all of its obligations provided for hereunder and observes all of the other provisions hereof, Sublessee shall at all times during the term hereof peaceably and quietly have, hold, and enjoy the Premises, without any interruption or disturbance from Sublessor, or anyone claiming through or under Sublessor, subject to the terms hereof, specifically including but not limited to Section 12 above.
15. Successors: All rights, remedies, and liabilities herein given to or imposed upon either of the parties hereto, shall extend to such party's respective successors and assigns, except as specifically prohibited herein.
16. Attorney's Fees: In the event either party requires the services of an attorney in connection with enforcing the terms of this Sublease or in the event suit is brought for the recovery of

any rent due under this Sublease or for the breach of any covenant or condition of this Sublease, or for the restitution of the Premises to Sublessor and/or eviction of Sublessee during said term of after the expiration thereof, the prevailing party shall be entitled to a reasonable sum of attorney's fees and court costs.

17. Notice: Unless agreed otherwise, any notice hereunder shall be in writing, sent by registered mail, to the addresses listed below.

Sublessor:
Radiology Alliance
1301 Concord Terrace
Sunrise, FL 33323

Sublessee:
Tennessee Imaging Center, LLC
5380 Hickory Hollow Parkway
Antioch, Tennessee 37013

18. Governing Law: The terms and provisions of this Sublease shall be governed under the laws of the State of Tennessee.
19. Insurance and Liability: Sublessor shall have no liability or responsibility whatsoever with respect to the conduct and operation of the business to be conducted in the demised Premises. Sublessor shall not be liable for any accident to or injury to any person or persons or property in or about the demised Premises that is caused by the conduct or operation of said business or by virtue of equipment or property of Sublessee in said Premises. Sublessee agrees to hold Sublessor harmless against all such claims.
- a. Without limiting the above, Sublessee agrees to purchase liability insurance with a recognized insurance company, which insurance shall protect the Sublessor, and to deposit evidence of same with said Sublessor. Sublessee's insurance coverage shall be in amounts consistent with those of the Sublessor under Section 8 of the Master Lease.
- b. The parties agree that each shall indemnify and save harmless the other from and against any and all loss, cost (including attorney's fees), damages, expenses, liability (including statutory liability), and claims for damages as a result of injury or death of any person or damage to any property that arise from or in any manner grow out of any act or neglect on or about the leased Premises by such party, or such parties, agents, employees, customers, invitees, contractors, or subcontractors.
20. Fixtures: Sublessee agrees not to remove and repossess such apparatus, fixtures, or other merchandise from the leased Premises without the prior written consent of the Sublessor.
21. Bankruptcy: If Sublessee shall make an assignment for the benefit of creditors, or if Sublessee shall file a voluntary petition in bankruptcy or receivership, or a bankruptcy petition be filed against Sublessee and the same not be dismissed within thirty (30) days of the filing thereof, or if Sublessee be adjudged bankrupt, then and in any of said events this Sublease shall immediately cease and terminate at the option of the Sublessor with the same force and effect as though the date of said event was that herein fixed for expiration of the

term of this Sublease.

22. Licenses: Sublessee will obtain all necessary permits and licenses, and Sublessee shall save Sublessor harmless from any failure to obtain proper licenses and permits.
23. Surrender of Possession: If Sublessee shall not immediately surrender possession of the Premises at the expiration or other termination of this Sublease, Sublessee shall become a month-to-month Tenant, at 125% the monthly rental of that in effect just prior to termination of this Sublease, said rental to be paid in advance. If Sublessee shall fail to surrender possession of the Premises immediately upon expiration of the term hereof, Sublessee hereby agrees that all of obligations of Sublessee shall be equally applicable during such period of subsequent occupancy, whether or not a month-to-month tenancy shall have been created as aforesaid. Sublessee shall be liable for any damages suffered by Sublessor by reason of Lessee's failure to immediately surrender the Premises.
24. Recordation: Neither party may at any time record either this Sublease or a memorandum of this Sublease.
25. Entire Agreement: This Sublease contains all the agreements and conditions made between the parties hereto and may not be modified orally or in any other manner than by agreement in writing signed by all parties or their respective successors in interest.

May 25, 2018**12:21 P.M.**

Witness



Sublessor: Radiology Alliance, P.C.



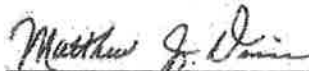
Milissa Stubbs

Treasurer

Witness



Sublessee: Tennessee Imaging Services, LLC



Matthew J. Devine

President


AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: ANTIOCH CDC

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25 day of MAY, 2018,
witness my hand at office in the County of Davidson, State of Tennessee.


NOTARY PUBLIC

My commission expires 03 - 08, 2021.

HF-0043

Revised 7/02



Supplemental #2 (Copy)

Antioch Outpatient
Diagnostic Center

CN1805-020

May 30, 2018

Phillip M. Earhart, HSD Examiner
 Jeff Grimm, HSD Examiner
 Tennessee Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243

RE: CON Application CM1805-020
 Antioch Outpatient Diagnostic Center With MRI
 Second Supplemental Response

Dear Mr. Earhart:

This letter responds to your May 29 request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section A, Executive Summary, Overview (13) (MRI)

The MRI equipment quote is noted. However, the documents appear to expire prior to the August 22, 2018 Agency meeting. Please provide a revised quote for the proposed MRI equipment.

The revised MRI quote is attached following this page. Its expiration date is just after the anticipated decision date of the CON Board. If the project is not heard by the CON Board until a later date, the vendor has assured the applicant that the expiration date will be extended again.

2. Section B, Need. Item 5 (Historical Utilization in PSA)

There appears to be a typographical error in your response in the number of procedures in Year One (206,7112). Please clarify.

Yes, that was a typographical error on page 8 of the first supplemental responses. That sentence should have read "...the applicant's table on page 43 projects 206,712 area procedures in Year One of the project, which is sufficient to justify five more MRI units under the State Plan Guideline..."



GE Healthcare

180

Supplemental #2

Date: **May 31, 2018** 05-30-2018
Quote #: **10:10 A.M.** PR8-C81351
Version #: 14
Q-Exp-Date: 08-24-2018

Issued By:

GE Healthcare
FEIN: 14-0689340

Customer Address:

Radiology Alliance
210 25th Ave N Ste 602
Nashville TN 37203-1631

Attention:

Ms. Luginia Hill
210 25th Ave N Ste 602 Nashville
TN 37220

This Agreement (as defined below) is by and between the Customer and the GE Healthcare business ("GE Healthcare"), each as identified herein. "Agreement" is defined as this Quotation and the terms and conditions set forth in either (i) the Governing Agreement identified below or (ii) if no Governing Agreement is identified, the following documents:

- 1) This Quotation that identifies the Product offerings purchased or licensed by Customer;
- 2) The following documents, as applicable, if attached to this Quotation: (i) GE Healthcare Warranty(ies); (ii) GE Healthcare Additional Terms and Conditions; (iii) GE Healthcare Product Terms and Conditions; and (iv) GE Healthcare General Terms and Conditions. In the event of conflict among the foregoing items, the order of precedence is as listed above.

This Quotation is subject to withdrawal by GE Healthcare at any time before acceptance. Customer accepts by signing and returning this Quotation or by otherwise providing evidence of acceptance satisfactory to GE Healthcare. Upon acceptance, this Quotation and the related terms and conditions listed above (or the Governing Agreement, if any) shall constitute the complete and final agreement of the parties relating to the Products identified in this Quotation.

No agreement or understanding, oral or written, in any way purporting to modify this Agreement, whether contained in Customer's purchase order or shipping release forms, or elsewhere, shall be binding unless hereafter agreed to in writing by authorized representatives of both parties.

By signing below, each party certifies that it has not made any handwritten modifications.

Governing Agreement:	Novation - Vizient Supply LLC
Customer Number:	1-25Q3XC
Terms of Delivery:	FOB Destination
Billing Terms:	80% delivery / 20% Installation
Payment Terms:	NET 30
Total Quote Net Selling Price:	\$1,026,616.14
Sales And Use Tax Status:	No Exemption Certificate on File

** The following ship to states do not impose a sales/use tax (AK, DE, MT, NH, OR). No exemption certificate required.

INDICATE FORM OF PAYMENT:

If "GE HEF Loan" or "GE HEF Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Equipment Finance (GE HEF) to fund this arrangement after shipment.

☐ Cash/Third Party Loan/Check ☐ GE HEF Loan
☐ GE HEF Lease ☐ Third Party Lease (please identify financing company) _____

By signing below, each party certifies that it has not made any handwritten modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

Each party has caused this agreement to be executed by its duly authorized representative as of the date set forth below.

CUSTOMER

Authorized Customer Signature Date

Print Name Print Title

Purchase Order Number (if applicable)

GE HEALTHCARE

Gary Young

Signature

05-30-2018

Date

Vaso Healthcare - Authorized Manufacturer Rep

Email: GaryYoung@ge.com
Office: +1 615 202 6373
Mobile: 615-202-6373

Page Two
May 30, 2018

3. Section B, Economic Feasibility, Items 1 (Project Costs Chart)

The new revised Project Cost Chart that reflects an increase in Project Cost from \$8,660,608 to \$8,696,230 is noted. Please submit a check for \$203.00 (CON filing Fee) as a result of the increase in Project Costs.

The requested supplemental filing fee is attached to this letter.

4. Section B, Economic Feasibility, Items 1.E (Licensed Architect Letter)

a. The email dated May 24, 2018 from the licensed architect letter noting the demolition and removal of a very large bank vault from a previous tenant will take up to two months and an undetermined amount of money for removal is noted. However, please document the applicant has set aside contingency in the Project Costs Chart for the vault removal since there appears to be uncertainty from the architect regarding the cost.

The \$285 PSF construction cost estimate in line A.5, and the additional 5% construction contingency listed in line A.6, were made with allowance for such unforeseen contingencies in mind; they are sufficient to cover whatever subterranean “unknowns” may be encountered in the foundations of the vault, which are beneath ground and cannot be fully evaluated until removal of the ground surfaces begins.

b. What is the estimated cost of the demolition and removal of the bank vault?

The architect has stated to us that even in the worst of conditions below ground, the demolition and removal of the vault would not add more than \$100,000 to the cost of the project, and that this amount has been covered by the construction cost estimate and the contingency stated in the Project Cost Chart.

Page Three
May 30, 2018

5. Section B, Economic Feasibility, Item 2 (Funding)

a. It is noted MEDNAX will provide the funding for the proposed project. However, MEDNAX is not part of the ownership of the applicant. Please provide an agreement between MEDNAX and the applicant that MEDNAX will fund the project through a cash grant, sustain the operation financially as needed, and financial support from MEDNAX will be repaid from the project's earnings.

External funding sources (banks, bonds, etc.) are never part of the ownership of any CON applicant. Nor can CON applicants secure an actual financing agreement prior to CON approval. The funding aspect of a project's financial feasibility has consistently been documented only by letters of intent from the funding entity (with financial statements documenting the existence of sufficient resources), coupled with the applicant's inclusion of debt repayment in its Projected Data Charts. The project has already met the first two requirements. This supplemental response letter provides the third: amended Projected Data Charts showing the inclusion of debt repayment on page two of each chart.

That said, please know that the applicant's local staff are making strenuous efforts to obtain for you additional correspondence from corporate MEDNAX and TIS, restating for clarification that the funding is available, with a debt repayment plan, and that the funding entity will sustain the operation and receive repayment. Drafts of those letters have been approved locally and are seeking corporate office signature. The drafts are attached following this page.

It is proving very difficult to obtain the signature of the appropriate corporate officers on these letters within a 48-hour turnaround. We will provide them to you as quickly as possible, if not on May 31 then within a few working days thereafter. Please accept this second supplemental response as what is needed to deem the application complete, so that it can enter a simultaneous review cycle that is of value both to the applicant and to the Agency.

b. The funding letter and estimated payoff table from MEDNAX is noted. However, please revise the funding letter and payoff schedule to match the actual revised capital cost of \$5,264,727 in the revised Project Costs Chart. In the revision, please include a date in the MEDNAX letter.

We request flexibility to retain the funding commitment amount in the original letter, and the payoff schedule, for two reasons. First, the new, lower capital cost is less than 1% lower, and the original funding commitment more than covers it. Second, the payback schedule remains sufficient to cover the slight change in project cost

May 31, 2018**10:10 A.M.**

date

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Antioch Outpatient Diagnostic Center

Dear Ms. Hill:

Tennessee Imaging Services, LLC ("TIS"), is filing an application to establish a licensed Outpatient Diagnostic Center with MRI and related imaging services, in southeastern Davidson County in Antioch, TN.

The estimated total capital expenditure needed to implement this project is approximately \$5,312,400. In return for this capital, TIS will pay MEDNAX an estimated 99% of TIS' net income until the year 2040. An estimated payoff table is enclosed with this memo for your review.

As the Senior VP/Chief Accounting Officer of MEDNAX, Inc. I am writing to confirm that we are prepared to fund and sustain this endeavor as described in the application. Our most recent financial statements are provided in the application.

Sincerely,

John C. Pepia
Senior Vice President, Chief Accounting Officer
MEDNAX, Inc.

Enclosures:

1) Payoff Estimation Table for Antioch ODC Project Funding

**Payoff Estimation Table for Antioch ODC Project Funding**

<u>Fiscal Year</u>	<u>Amount</u>
2021	-
2022	-
2023	\$124,945
2024	\$299,400
2025	\$350,894
2026	\$373,125
2027	\$371,747
2028	\$363,146
2029	\$348,101
2030	\$329,424
2031	\$329,424
2032	\$329,424
2033	\$329,424
2034	\$329,424
2035	\$329,424
2036	\$329,424
2037	\$329,424
2038	\$329,424
2039	\$329,424
2040	\$329,424
<i>Total Sum of Repayment</i>	<i>\$5,855,026</i>
<i>Original Capital Funding</i>	<i>\$5,312,400</i>
<i>MEDNAX Return on Loan</i>	<i>\$542,626</i>

May 31, 2018**10:10 A.M.**

Tennessee Imaging Services, LLC
1301 Concord Terrace
Sunrise, FL 33323-2843

Date

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Antioch Outpatient Diagnostic Center

Dear Ms. Hill:

This letter is to confirm our agreement in principle with MEDNAX, Inc. to the terms and conditions outlined in John C. Pepia's memo regarding financing support to Tennessee Imaging Service's application for a Certificate of Need to establish a licensed Outpatient Diagnostic Center with MRI and related imaging services, in southeastern Davidson County in Antioch, TN.

Sincerely,

Matthew J. Devine
President
Tennessee Imaging Services, LLC

Page Four
May 30, 2018

6. Section B, Economic Feasibility, Item 4 (Projected Data Chart)

a. Please clarify what services are included in the Professional Services Contract (\$549,747), Service Expense (\$279,470), and Administrative Support Fees (\$180,655) and with what entity for each?

Professional Services Contract: fees paid to Radiology Alliance, P.C. for their medical interpretation and dictation of imaging studies conducted at the ODC.

Service Expense: An estimate of the costs that will be paid for service contracts and preventive maintenance for the equipment at the ODC; it will be paid to the equipment vendors.

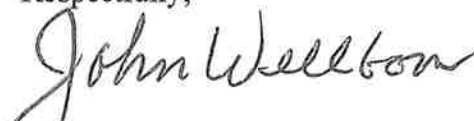
Administrative Support Fees: An apportionment of costs paid to Infinity Management, LLC for administrative support including, but not limited to, medical licensing, credentialing, accounting, information technology support, and consulting.

b. It is noted in the MEDNAX payoff estimation table the applicant will pay \$124,945 to MEDNAX. Where is this accounted in the Projected Data Charts? If necessary, please submit revised Projected Data Charts.

Attached following this page are revised Projected Data Charts (pages 54R-2 through 57R-2). They reflect the revised financing repayment schedule submitted in response to your question 5 above. These revised Projected Data Charts enter the projected repayment in line G1 (page 2) of each Chart. Being based on net profit, the repayment begins in Year Three and continues thereafter as indicated on the repayment schedule attached to the revised MEDNAX letter.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,


John Wellborn
Consultant

Page Four
May 30, 2018

b. The funding letter and estimated payoff table from MEDNAX is noted. However, please revise the funding letter and payoff schedule to match the actual revised capital cost of \$5,264,727 in the revised Project Costs Chart. In the revision, please include a date in the MEDNAX letter.

We request flexibility to retain the funding commitment amount in the original letter, and the payoff schedule, for two reasons. First, the new, lower capital cost is less than 1% lower, and the original funding commitment more than covers it. Second, the payback schedule remains sufficient to cover the slight change in project cost.

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AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: ANTIOCH ODC

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 31st day of May, 2018,
witness my hand at office in the County of Davidson, State of Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires May 2, 2022.

HF-0043

Revised 7/02



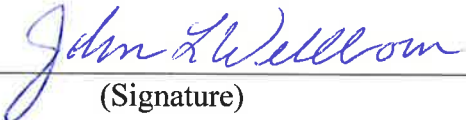
LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in Davidson County, Tennessee, on or before May 10, 2018, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Antioch Outpatient Diagnostic Center (a proposed Outpatient Diagnostic Center), to be owned and managed by Tennessee Imaging Services, LLC (a limited liability company), intends to file an application for a Certificate of Need to establish an Outpatient Diagnostic Center, to acquire MRI equipment and initiate MRI services and to provide CT scanning and other diagnostic imaging services in leased space at 5380 Hickory Hollow Parkway, Suites 101-11, Antioch, TN 37013, at a capital cost estimated for CON purposes at \$8,800,000, including lease payments for seven years.

The project will seek licensure by the Board for Licensing Health Care facilities as an Outpatient Diagnostic Center (ODC). The project does not contain any other type of major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements.

The anticipated date of filing the application is on or before May 15, 2018. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

	5-8-18	jwdsg@comcast.net
(Signature)	(Date)	(E-mail Address)

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(Rule 0720-11-.01, continued)

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
 - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
 - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
 - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
 - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
 - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;
 - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
 - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
 1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
 - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
 - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
 - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
 - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
 - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

(Rule 0720-11-.01, continued)

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
 - (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
 - (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
 - (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
 - (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
 - (xi) Participation in the National Burn Repository, for Burn Unit projects;
 - (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
 - (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
 - 1. Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
 - 2. Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
 - 3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

(Rule 0720-11-.01, continued)

1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
 2. Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
 3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard);
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
- (l) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
- (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
- (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
- (q) For Inpatient Psychiatric projects:
1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

(Rule 0720-11-.01, continued)

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
 2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
 3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
 - (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
 - (t) For Relocation and/or Replacement of Health Care Institution projects:
 1. For hospital projects, Acute Care Bed Need Services measures are applicable; and
 2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
 - (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
 - (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
 - (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
 - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition; and

(Rule 0720-11-.01, continued)

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
 - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043.

Administrative History: Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: June 30, 2018

APPLICANT: Antioch Outpatient Diagnostic Center
5380 Hickory Hollow Parkway, Suites 101
Antioch, TN 37013

CON# CN1805-020

CONTACT PERSON: John Wellborn
Development Support Group
4219 Hillsboro Road, Suite 210
Nashville, TN 37215

COST: \$8,660,608

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Antioch Outpatient Diagnostic Center, seeks Certificate of Need (CON) approval for the establishment of a new ODC, which would provide outpatient imaging modalities that initially will be MRI, CT, Ultrasound, and Radiography/Fluoroscopy. Radiology Alliance, a group practice that staffs imaging departments at five service area hospitals will provide medical supervision to the facility.

The Antioch Outpatient Diagnostic Center will be owned by and licensed to Tennessee Imaging Services LLC, or TIS. TIS is owned by American Radiology Holdings, P.C., or ARH, which in turn is owned by Dr. Curtis Pickert. Non-medical administrative support services to the new facility will be provided by Infinity Management, a subsidiary of MEDNAX, Inc., a leading provider of physician and practice management services. MEDNAX will fund the project's \$8,660,608 and Infinity will receive an administrative support services fee.

Tristar Health Systems, Inc. holds an option to acquire up to 75% ownership or equity interest in the project. However, this is a right and not an obligation. Therefore, the application demonstrates the ability to fund, develop, and operate the project without Tristar's involvement. The ODC is expected to have a positive cash flow and positive financial margin during the second year of operation.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

MRI is the only one of these modalities that is regulated by CON and therefore, this section will focus only on the area wide need for outpatient MRI capacity and the appropriateness of the project's location in the service area.

NEED:

The applicant declares the primary service area (PSA) to be Southeast Davidson, North Rutherford, and West Williamson Counties, which have some of Nashville's fastest growing populations. The

project is named for its central location in the Antioch area of Davidson County. The three-county service area covers most of the Greater Nashville urban area.

2018-2022 Total Population Projections

County	2018	2022	% Increase or Decrease
Davidson	700,384	729,829	4.2%
Rutherford	323,336	353,516	9.3%
Williamson	229,992	252,018	7.3%

Tennessee Population Projections 2017 Revised UTCBER, Tennessee Department of Health

The State health Plan defines "optimal capacity" of a non-specialty MRI unit as 2,880 procedures for a stationary unit and 480 procedures per year for a mobile unit. In 2017, the 62.7 non-specialty MRI units in the three county service area operated at an average of 3,046 annual procedures, which was 105.8% of optimal capacity. The publicly accessible units, such as hospitals, ODC, and mobile units, operated at an average of 106.1% of optimal capacity. Overall, all units of all types operated at 103.2% of the optimal guideline.

Current Utilization of Service Area MRIs

	Number MRI units	2017 Procedures	Average Procedures Per Unit	Percent of Optimal Utilization (2,880 Exams)	Percent of Total Capacity (3600 exams)
All MRI Units	65.2	193,771	2,972	103.2%	82.5%
Publicly Accessible Units	51.7	157,921	3,055	106.1%	85%
Private MD Office Units	13.5	35,850	2,656	92.2%	73%
Non-Specialty Units	62.7	190,969	3,046	105.8%	84.6%
Specialty Units	2.5	2,802	1,121	38.9%	31%

From 2015 to 2017, all MRI procedures increased by 6.1%. In four years, in 2021, at a slower market growth rate of 5% every two years, the service area will need to deliver 213,633 scans, which is 19,862 more annual procedures. That would be enough to fill nearly seven additional MRI units to optimal capacity (19,862 additional procedures/optimal 2,880 procedures per unit = 6.9 units). However, even if there were no additional market growth in demand over the next four years, this project would still be an unmet demand for this project. There are now 62.7 non specialty MRI units averaging 3,046 annual procedures per unit, which is well above the 2,880 procedure benchmark. If this project is approved, giving the market 63.7 units, the average number of procedures per unit with no growth beyond 2017 would be 2,998, well above the State Health Plan Standard of 2,880.

This project is proposed for one of the largest, fastest growing, and least served sectors within the three-county service area. In just four years, more than 100,000 residents, more than 15% of Davidson County's population, are projected to live in the Antioch zip code where this ODC will be located. This will exceed the population of more than 75 of Tennessee's 95 counties. Furthermore, there are no MRI or ODC resources currently located in that zip code. The project site in Antioch is approximately a 20 to 30 minute drive time from any existing or approved ODC. This project would help to meet an unmet need by improving the Antioch sector's access to diagnostic imaging services.

Mileage and Drive Time Between Project and Locations Throughout the Service Area

Location in Primary Service Area	County	Distance in Miles	Drive Time
Nashville State Capitol	Davidson	13.3	18 min.
Old Hickory Blvd at I-65 (Hyatt Place)	Davidson	8.0	19 min.

100 Oaks Mall	Davidson	12.3	16 min.
Belle Meade	Davidson	17.8	25 min.
Bordeaux	Davidson	17.9	24 min.
Madison	Davidson	20.1	24 min.
Donelson	Davidson	13.7	18 min.
Smyrna	Rutherford	11.4	16 min.
Murfreesboro	Rutherford	21.6	25 min.
Eagleville	Rutherford	33.7	34 min.
Franklin	Williamson	26.9	34 min.
Thompson Station	Williamson	29.1	40 min.

The following table provides the demographic data for the primary service area:

Table B-Need-4A(2): Antioch ODC--Primary Service Area Demographic Data													
	Department of Health / Health Statistics							Bureau of the Census				TennCare	
Service Area Counties Containing the Primary Service Area	Current Total Population 2018	Projected Total Population 2022	Total Population % Change 2018 - 2022	Projected Target Population (All Ages) 2018	Projected Target Population (All Ages) 2022	Projected Target Population (All Ages) % Change 2018 - 2022	Projected Target Population (All Ages) As % of Projected Total Population 2022	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total Population	Current TennCare Enrollees (November 2017)	TennCare Enrollees as % of Total County Population
Davidson	698,061	730,404	4.6%	698,061	730,404	4.6%	100.0%	34.2	\$50,484	123,557	17.7%	142,702	20.4%
Rutherford	332,411	368,752	10.9%	332,411	368,752	10.9%	100.0%	32.9	\$58,032	41,884	12.6%	51,881	15.6%
Williamson	225,526	257,635	14.2%	225,526	257,635	14.2%	100.0%	39.0	\$100,140	11,727	5.2%	12,650	5.6%
Service Area Counties	1,255,998	1,356,791	8.0%	1,255,998	1,356,791	8.0%	100.0%	35.4	\$60,552	177,168	14.1%	207,233	16.5%
State of TN	6,960,524	7,263,893	4.4%	6,960,524	7,263,893	4.4%	100.0%	38.5	\$46,574	1,197,210	17.2%	1,565,932	17.2%
Antioch Zip Code 37013	99,928	113,039	13.1%	99,928	113,039	13.1%	100.0%	31.5	\$49,805	15,085	15.1%		

Sources: County-Level and Statewide TDOH Population Projections; U.S. Census QuickFacts/Factfinder; TennCare Bureau.

Zip Code Level Population from American Community Survey, U.S. Census Bureau; projections based on 2011-16 5-year growth rate.

Service area data is either total, or average, as appropriate.

TENNCARE/MEDICARE ACCESS:

The applicant contracts with four TennCare MCOs and participates in the Medicaid program. Medicare provider number 10G706948, Medicaid provider number 3790913.

A Projected Payor Mix chart is located on page 46 of the application. For year one of the project, Gross Operating Revenues from Medicare are estimated at \$2,589,809 or 19% of Total Revenues, and \$612,013 Gross Operating Revenue and 4.5%% of Total Revenue from TennCare/Medicaid.

Project Payor Mix Year One		
Payor Source	Projected Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$1,231,125	21.1%
TennCare/Medicaid	\$606,144	10.4%
Commercial/Other Managed Care	\$3,794,600	65.2%
Self-Pay	\$77,783	1.3%
Charity Care	\$18,868	0.3%
Other	\$95,631	1.6%
Total	\$5,824,151	100%

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are

mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 47 of the application outlining a total projected project cost of \$8,696,230. The project includes equipment costs of \$2,626,858 and leased facility costs of \$1,683,651 of rentable space over a seven year term.

Historical Data Chart: As a new project, there is no historical data.

Projected Data Chart: The Projected Data Chart is located in Supplemental 1 of the application detailing 2,250 MRI scans in year one, 2,700 scans in year two, and 3,000 scans in year three, with net incomes of \$(115,171), \$(19,219), and \$61,084 respectively. The project is expected to realize a profit in its third year of operation.

Projected MRI Utilization of Project

	Year 1 – 2021	Year 2 – 2022	Year 3 – 2023
State Plan Standard	2,160	2,520	2,880
Proposed MRI	2,250 (75% of Yr. 3)	2,700 (90% of Yr. 3)	3,000

Utilization Projections by Modality

	Year 1	%	Year 2	%	Year 3	%
MRI	2,250	23.4%	2,700	23.4%	3,000	23.4%
CT	2,183	22.7%	2,619	22.7%	2,910	22.7%
Other	5,175	53.9%	6,210	53.9%	6,900	53.9%
Total	9,608		11,529		12,810	

Source: Radiology Alliance

The Average Gross Charges per MRI exam for years one and two are \$1,253 per exam, Deductions are \$821 in Year One and \$819 in Year Two, and an Average Net Operating charge of \$432 and \$434. This is comparable to other providers in the service area. This is outlined in the following chart:

MRI Only	Project Previous Year	Project Current Year	Project Year One	Project Year Two	% Change (Current Yr. to Yr. 2)
Gross Charge (Gross Operating Revenue/Utilization Data)	N/A	N/A	\$1,253	\$1,253	None
Deductions from Revenue (Total Deductions/Utilization Data)	N/A	N/A	\$821	\$819	None
Average Net Charge (Net Operating Revenue/Utilization Data)	N/A	N/A	\$432	\$434	None

ODC Including MRI Only	Project Previous Year	Project Current Year	Project Year One	Project Year Two	% Change (Current Yr. to Yr. 2)
Gross Charge (Gross Operating Revenue/Utilization Data)	N/A	N/A	\$606	\$606	None
Deductions from Revenue (Total Deductions/Utilization Data)	N/A	N/A	\$397	\$396	-0.025%
Average Net Charge (Net Operating Revenue/Utilization Data)	N/A	N/A	\$209	\$210	0.5%

ODCs are not reimbursed at the higher hospital outpatient department (HOPD) rates, resulting in lower patient deductibles and copays in the ODC setting.

Only seven new FTEs need to be recruited in Year One, which will consist primarily of imaging techs. The following chart shows the projected staffing for the project:

Position Classification	Existing FTEs	Projected FTEs (Yr. 1)	Average Wage (Contractual Rate)	Statewide Mean Wage
A. Direct Patient Care Positions				
CT Tech		1.00	\$82,929	\$57,720
MRI Tech		1.00	\$81,840	\$57,720
Ultrasound Tech		1.00	\$87,648	N/A
X-Ray Tech		1.00	\$75,240	\$50,770
Total Direct Patient Care Positions		4.00		
B. Non-Patient Care Positions				
Site Manager		1.00	\$89,500	N/A
Receptionist		1.00	\$40,491	N/A
Insurance Verifier/Precert		1.00	\$40,904	N/A
Total Non-Patient Care Positions		3.00		
Total Employees (A + B)		7.00		
C. Contractual Staff (Temp Techs)		0.50	\$40,000	
Total Staff (A+B+C)		7.50		

The following chart shows the projected charge data for the most frequently performed procedures:

Table Economic Feasibility-5-C(3):Antioch Outpatient Diagnostic Center Projected Charge Data for Most Frequently Performed Procedures					
MODALITY: MRI					
CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
70553	MRI BRAIN W/ STEM W&WO CONT	\$ 353.52	\$ 1,590.84	\$ 1,590.84	\$ 1,590.84
70551	MRI BRAIN INCLUDING STEM	\$ 216.38	\$ 973.71	\$ 973.71	\$ 973.71
72148	MRI SPINE LUMBAR	\$ 210.54	\$ 947.43	\$ 947.43	\$ 947.43
73721	MRI JOINT LWR EXT W/O CONTRAST	\$ 221.75	\$ 997.88	\$ 997.88	\$ 997.88
72141	MRI SPINE CERVICAL	\$ 210.54	\$ 947.43	\$ 947.43	\$ 947.43
73221	MRI UPPER EXT. ONE JOINT	\$ 221.75	\$ 997.88	\$ 997.88	\$ 997.88
70544	MRA HEAD W/O CONTRAST	\$ 304.06	\$ 1,368.27	\$ 1,368.27	\$ 1,368.27
72158	MRI SPINE LUMBAR W&W/OUT CONT.	\$ 354.82	\$ 1,596.69	\$ 1,596.69	\$ 1,596.69
72146	MRI SPINE THORACIC	\$ 210.86	\$ 948.87	\$ 948.87	\$ 948.87
72156	MRI SPINE CERV. W&W/OUT CONT.	\$ 355.47	\$ 1,599.62	\$ 1,599.62	\$ 1,599.62

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

No MRI or ODC exists anywhere in the Antioch zip code area. The project site is about a 20 to 30 minute drive time from any existing or approved ODC, however TriStar Southern Hills Medical Center is approximately 5 miles from the center of Antioch. Improving this large population's access to diagnostic imaging services is the next orderly step in the wide deployment of these lower-cost imaging facilities that are reducing the cost of outpatient healthcare. Furthermore,

more than half of the service area's 18 ODCs are owned by just one provider. This project would be a positive improvement for consumers to have an additional ODC provider option.

The placement of the next MRI in the Antioch area is a very effective way to meet the needs of the area because it is an area of large population growth. It is also an area of lower income than many other sectors of the service area. The area has limited access to MRIs in area facilities because they are highly utilized on average. Furthermore, the applicant intends to request emergency transfer agreements with area hospitals including Tristar Southern Hills Medical Center and Tristar Stonecrest Medical Center.

Also, growth in demand for MRI has been exceptionally strong in recent years. Placing the ODC within the Antioch zip code of 37013 will be the community's first local resource. This will benefit consumers in both drive time accessibility and financial accessibility to a relatively low-cost diagnostic imaging provider. This area needs additional options for efficient, high-quality outpatient diagnostic procedures due to the fact that more than 15% of Davidson County's population will reside in this zip code within four years. Furthermore, the applicant does not believe that this ODC will negatively impact currently existing MRI providers as a group due to the fact that by 2023, there will be a conservatively projected three-county demand for 32,619 MRU procedures in the area. The applicant projects that it would provide only 3,000 of those new additional procedures, which would leave over 29,000 new procedures to be shared by the 60 existing providers.

The applicant has identified one incident of paying a civil "penalty" in the past several years. In 2016, a Radiology Alliance supervisor identified that her staff had overcharged Medicare. This error was self-reported along with a preferred repayment that Radiology Alliance calculated, and was accepted by OIG as a resolution of the debt.

QUALITY STANDARDS:

The Antioch ODC will be clinically supervised by one of the State's largest radiology groups to assure high quality of imaging and interpretation. The ODC will be licensed by the Tennessee Department of Health. The MRI units will be accredited by the American College of Radiology. The applicant will perform retrospective reviews on MRI necessity as part of its Quality Improvement Program. The MRIs location, installation, and operation will conform to all applicable Federal, State, and local requirements and to the manufacturer's specifications. Furthermore, the applicant will seek licensure with the Board for Licensing Health Care Facilities and the Tennessee Department of Health.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

2018-2022 Total Population Projections

County	2018	2022	% Increase or Decrease
Davidson	700,384	729,829	4.2%
Rutherford	323,336	353,516	9.3%
Williamson	229,992	252,018	7.3%

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

Current Utilization of Service Area MRIs

	Number MRI units	2017 Procedures	Average Procedures Per Unit	Percent of Optimal Utilization (2,880 Exams)	Percent of Total Capacity (3600 exams)
All MRI Units	65.2	193,771	2,972	103.2%	82.5%
Publicly Accessible Units	51.7	157,921	3,055	106.1%	85%
Private MD Office Units	13.5	35,850	2,656	92.2%	73%
Non-Specialty Units	62.7	190,969	3,046	105.8%	84.6%
Specialty Units	2.5	2,802	1,121	38.9%	31%

The existing non specialty MRI providers in the area are operating at **84.6%** of total capacity volume standard of 3600 exams annually.

3. Any special needs and circumstances:

- The needs of both medical and outpatient diagnostic facilities and services must be analyzed.
- Other special needs and circumstances, which might be pertinent, must be analyzed.

Not applicable, no other special circumstances are recognized.

- The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.
- The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

Medical and ODC staff will be trained in emergency response as well as a continuously maintained crash cart with appropriate equipment, medications, and supplies.

The applicant will seek emergency transfer agreements from Tristar Southern Hills Medical Center and Tristar Stonecrest Medical Center.

- The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate.

The applicant states that retrospective reviews will be performed on MRI necessity as part of their Quality Improvement Plan. Also, the supervising radiologist who receives all physician requests for MRI will evaluate with the ordering physician as to appropriateness

STATE HEALTH PLAN

CERTIFICATE OF NEED STANDARDS AND CRITERIA

FOR

MAGNETIC RESONANCE IMAGING SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide Magnetic Resonance Imaging (MRI) services. Existing providers of MRI services are not affected by these standards and criteria unless they take an action that requires a new certificate of need (CON) for MRI services.

These standards and criteria are effective immediately as of December 21, 2011, the date of approval and adoption by the Governor of the State Health Plan changes for 2011. Applications to provide MRI services that were deemed complete by HSDA prior to this date shall be considered under the Guidelines for Growth, 2000 Edition.

Standards and Criteria

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

The applicant projects to perform 2,250 MRI scans in year one, and 2,700 scans in year two.

- b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

Not applicable.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

Not applicable.

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

Not applicable.

- e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

Not applicable.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

Mileage and Drive Time between Project and Locations throughout the Service Area

<i>Location in Primary Service Area</i>	<i>County</i>	<i>Distance in Miles</i>	<i>Drive Time</i>
<i>Nashville State Capitol</i>	<i>Davidson</i>	<i>13.3</i>	<i>18 min.</i>
<i>Old Hickory Blvd at I-65 (Hyatt Place)</i>	<i>Davidson</i>	<i>8.0</i>	<i>19 min.</i>
<i>100 Oaks Mall</i>	<i>Davidson</i>	<i>12.3</i>	<i>16 min.</i>
<i>Belle Meade</i>	<i>Davidson</i>	<i>17.8</i>	<i>25 min.</i>
<i>Bordeaux</i>	<i>Davidson</i>	<i>17.9</i>	<i>24 min.</i>
<i>Madison</i>	<i>Davidson</i>	<i>20.1</i>	<i>24 min.</i>
<i>Donelson</i>	<i>Davidson</i>	<i>13.7</i>	<i>18 min.</i>
<i>Smyrna</i>	<i>Rutherford</i>	<i>11.4</i>	<i>16 min.</i>
<i>Murfreesboro</i>	<i>Rutherford</i>	<i>21.6</i>	<i>25 min.</i>
<i>Eagleville</i>	<i>Rutherford</i>	<i>33.7</i>	<i>34 min.</i>
<i>Franklin</i>	<i>Williamson</i>	<i>26.9</i>	<i>34 min.</i>
<i>Thompson Station</i>	<i>Williamson</i>	<i>29.1</i>	<i>40 min.</i>

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The MRI unit chosen for this project is very fast and provides the latest technology and is comparatively priced with other projects.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the

total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

Current Utilization of Service Area MRIs

	<i>Number MRI units</i>	<i>2017 Procedures</i>	<i>Average Procedures Per Unit</i>	<i>Percent of Optimal Utilization (2,880 Exams)</i>	<i>Percent of Total Capacity (3600 exams)</i>
<i>All MRI Units</i>	<i>65.2</i>	<i>193,771</i>	<i>2,972</i>	<i>103.2%</i>	<i>82.5%</i>
<i>Publicly Accessible Units</i>	<i>51.7</i>	<i>157,921</i>	<i>3,055</i>	<i>106.1%</i>	<i>85%</i>
<i>Private MD Office Units</i>	<i>13.5</i>	<i>35,850</i>	<i>2,656</i>	<i>92.2%</i>	<i>73%</i>
<i>Non-Specialty Units</i>	<i>62.7</i>	<i>190,969</i>	<i>3,046</i>	<i>105.8%</i>	<i>84.6%</i>
<i>Specialty Units</i>	<i>2.5</i>	<i>2,802</i>	<i>1,121</i>	<i>38.9%</i>	<i>31%</i>

*The existing non specialty MRI providers in the area are operating at **84.6%** of total capacity volume standard of 3600 exams annually.*

5. Need Standards for Specialty MRI Units.

Question 5 in its entirety is not applicable.

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;
2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;
3. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical

oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.

4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.
- b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.
- c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.
6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

Not applicable. No specialty or mobile units are included in the applicant's proposal.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

FDA approval letter for the proposed MRI unit is included in the application.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The applicant states that all installation and operation of the MRI unit will conform to all applicable federal and state and local requirements.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

Medical and ODC staff will be trained in emergency response as well as a continuously maintained crash cart with appropriate equipment, medications, and supplies.

The applicant will seek emergency transfer agreements from Tristar Southern Hills Medical Center and Tristar Stonecrest Medical Center.

Emergency policy and procedures will be developed after the facility is approved and under development.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant states that retrospective reviews will be performed on MRI necessity as part of their Quality Improvement Plan. Also, the supervising radiologist who receives all physician requests for MRI will evaluate with the ordering physician as to appropriateness.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

The applicant's MRI service will be ACR accredited, and as part, staff training and education will be included.

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

The applicant's MRI service will be ARC accredited within two years of beginning the MRI service.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant will seek emergency transfer agreements from Tristar Southern Hills Medical Center and Tristar Stonecrest Medical Center.

Radiology Alliance radiologists are all on the staff of all area HCA facilities as they provide teleradiology interpretations for those facilities.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

Applicant agrees to comply with this mandate.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

Service area in not designated as medically underserved.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

Not applicable.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant commits to seek contracts with all MCOs active in the service area, as well as Medicare.

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

Not applicable.